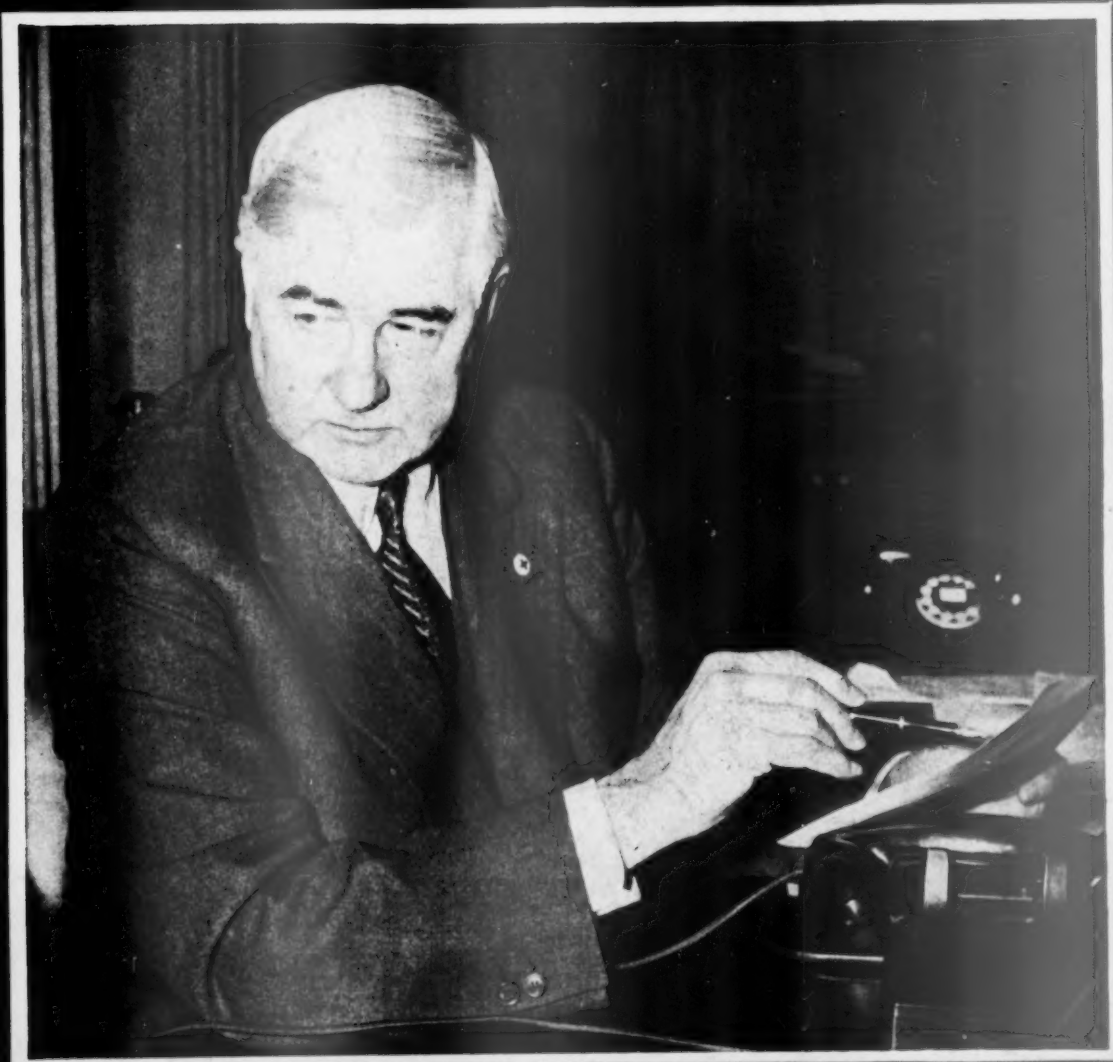


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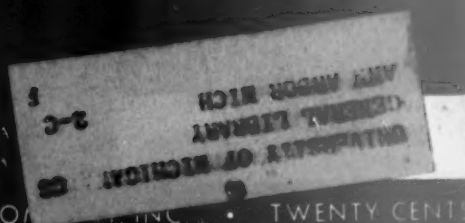
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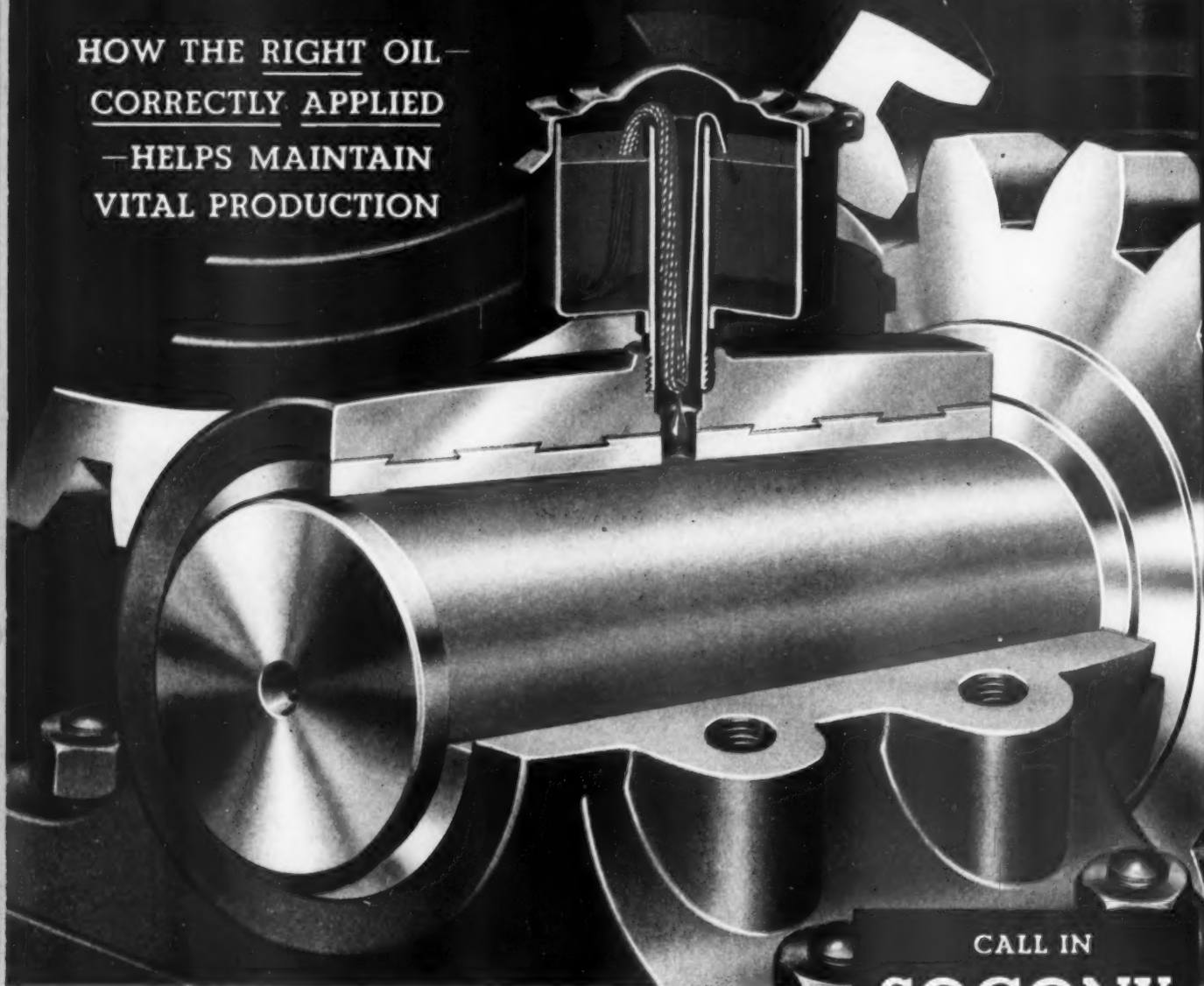
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INDEX

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3-Inch "Life Line" for a 30-Ton Machine!

HOW THE RIGHT OIL—
CORRECTLY APPLIED
—HELPS MAINTAIN
VITAL PRODUCTION



JUST A STRAND OF WOOL and a few ounces of oil—that's all that stands between this bearing and failure.

The strand works like the wick in a lamp. It feeds oil, drop by drop. The oil works to the end of the bearing and is lost. Meanwhile, only the sheerest film clings to bearing surfaces.

This is called "boundary lubrication."

The oil must be as light as possible to minimize costly power loss. But, at the same time, it must stick tight. It must be so *persistent... so tough...* that

the tissue-thin film simply won't break.

Backed up by 75 years of experience, Socony-Vacuum makes *correct* oils for all machines. And our engineers are trained to fit these oils to *your* needs.

That's *why* and *how* the right Gargoyle Oil can turn a piece of string into a "life line" for U. S. A. industry.

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SOCONY-VACUUM

for Correct Lubrication

Pioneers
for 75 Years
IN CORRECT LUBRICATION
1866-1941





A member of PHILADELPHIA'S FIRST FAMILY

A New York advertising man came to Philadelphia to tackle a difficult sales problem. On the way from the station he asked the cab driver: "What paper do you read?"

"Bulletin," the driver answered.

"Why?"

"Cause it ain't got a lot of junk in it."

• In one very important sense, this taxi driver and the Main Line millionaire belong to the same Philadelphia family. Together with nearly a half-million Bulletin buyers, they are Philadelphia's *first* market—bound together by the Number One newspaper in that market.

What they want is all the news—honestly reported. And that's what they get. They want wholesome entertainment, and they get that, too. The Bulletin is edited for the reader alone

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The Bulletin has built up the most capable newspaper staff in Philadelphia to follow that policy. Readers built The Bulletin—because The Bulletin—is built for its readers.

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★ *An impartial survey of the market shows people spending 43% more time reading The Bulletin than any other daily paper in Philadelphia. Write for the complete survey figures. Address: The Evening Bulletin, Philadelphia, Pennsylvania.*

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ARE A LOCAL ENTERPRISE IN YOUR COMMUNITY



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REPUBLIC RUBBER DIVISION OF LEE RUBBER AND TIRE CORPORATION,
YOUNGSTOWN, OHIO.

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**REPUBLIC PRODUCTS
FROM YOUR DISTRIBUTOR**

REPUBLIC RUBBER



LEADERSHIP IN POLICY
PRODUCT AND PERFORMANCE

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BUSINESS WEEK

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THE PICTURES

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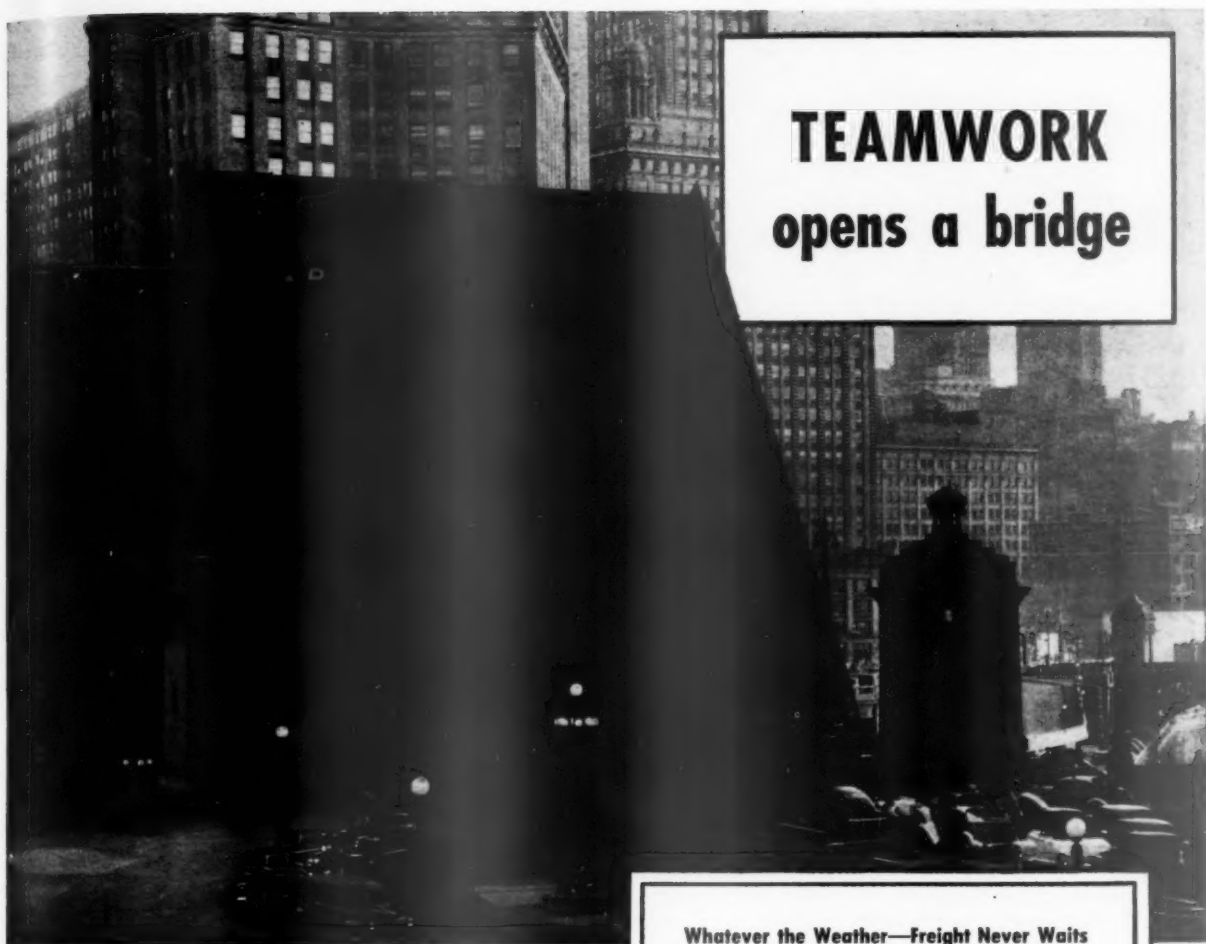
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TEAMWORK opens a bridge

A small motor can open a big bridge because of the balanced teamwork of weights and counterweights. Teamwork is just as vital to the operation of the biggest "bridge" in the world—America's railroad system—connecting the raw materials of National Defense with factories, army camps and navy yards.*

Helping this great bridge function efficiently is the vast fleet of special cars designed, built and operated by General American Transportation Corporation.

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Ceiling zero or thermometer zero, freight by rail arrives on time. It's the one indispensable form of transportation—for National Defense, for all Industry. General American is proud of its part in helping the railroads serve the nation.



Today, when National Defense requires the utmost efficiency in freight movement, General American Transportation's fleet is speeding the delivery of many vital materials.

Besides supplying *special* cars — refrigerator, tank, milk, stock and refrigerator express — to railroads and shippers, we design and build all types of freight cars and operate the world's largest bulk liquid terminal system.



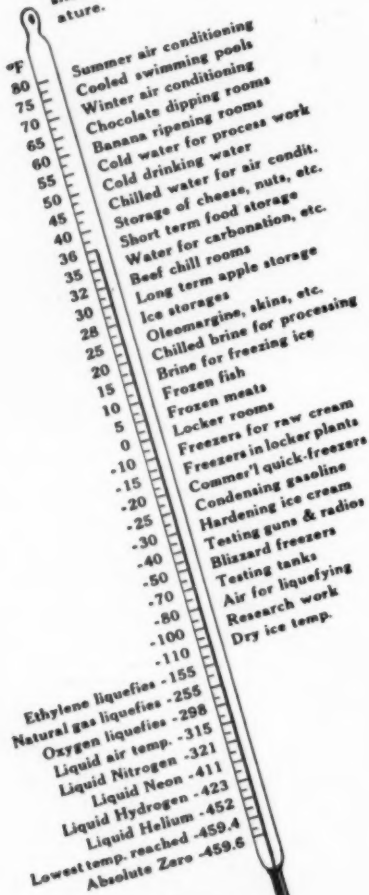
GENERAL AMERICAN TRANSPORTATION CORPORATION

135 SOUTH LASALLE STREET, CHICAGO, ILLINOIS



Is your Business carrying a fever?

Check the temperature at which your place operates with those on this chart. See what can be done with proper refrigeration. Perhaps your business should be carrying a lower temperature.



ERICK
Refrigeration
Is the answer to your needs for dependable cooling service. Write
ERICK CO.

BUSINESS WEEK

and the ANNALIST

Oct. 11, 1941

THE COVER

Time was when Federal Loan Administrator Jesse Jones, the man on this week's cover, was the fairhaired boy in Washington, and his works above criticism. Those days are over. Harried executives of the Office of Production Management are blaming snags in financing defense machinery for production slowdowns; Senate investigators are getting inquisitive. Mr. Jones is on the griddle—page 15.

"LOWDOWN" ON METALS

Any prophet who could prophesy how far we are going to be able to stretch those critical metals—aluminum, copper, magnesium, nickel, steel—in the months to come would be certain of honor in this country. There isn't a prophet who can guarantee anything except a tight squeeze all along the line. However, investigation at Washington and in industry begins to throw the first helpful light on a dark situation—page 17.

PROBLEM IN PRUNING

Washington's plan for defrilling consumer goods lines is running into behind-the-scenes difficulties—page 22. OPM, with its eye on conserving materials, talks about "simplification," which means just that. OPA, afraid the consumer will get shortchanged in the process, wants the pruning accompanied by protective price and quality yardsticks, which means setting consumer standards. What's important about the wartime difference is what the decision may mean to post-war business.

CUSHION

It doesn't take an ear to the ground these days to detect rumblings under the crust in Detroit. Auto workers, who see wholesale layoffs around the corner as production cuts become effective, have an A-1 case of jitters. Hopes are that the motor industry's pioneer plan for cushioning the switchover from non-defense to defense employment—page 62—will keep labor discontent from boiling over.

TAX TROUBLE

Retailers got a pre-taste of Christmas last August from the buying that followed the silk-stocking panic. Last week, they got a full swallow as consumers fell all over themselves to beat the Oct. 1 deadline for new taxes on furs, jewelry, toilet goods, liquor, etc. That's history but the taxes are still a headache. For the headache, take (from page 48) Business Week's answers to the tax questions everybody's asking.

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WASHINGTON BULLETIN

FOR BUSINESS BY BUSINESS WEEK'S WASHINGTON BUREAU

No Confiscation of Profits

Further restriction of profits is a practical certainty, but the imposition of an outright profits ceiling, such as the general 6% limit advanced by Morgenthau, the 7% limit on defense-contract profits laid before Congress this week by Chairman Vinson of the House Naval Affairs Committee, or the 8% defense profit ceiling proposed by Rep. Gore of the Banking and Currency Committee as part of his price-control bill, is a remote possibility. Congress opposes confiscatory taxation on general principles, and both Nelson on the production side of defense and Henderson on the price side are opposed to a statutory profit ratio on the ground that it would reduce incentive, efficiency, and all-important production. Nevertheless, legislation of some kind to prevent fantastic profits on defense contracts, such as the 247% case cited by Vinson, will certainly be passed.

What the Bills Provide

The 8% limit will get first consideration as part of the Gore-sponsored "Baruch" price-control bill, but the Administration will fight against inclusion of profits control in that measure in order to forestall corollary wage controls. Hence, the Vinson bill is the one to watch. This provides for the return to the Treasury of all profits above 7% of the cost of contract performance on all defense orders completed within taxable years beginning after Dec. 31, 1940. Cost of contract performance notably excludes entertainment expenses, advertising and publicity costs, without qualification.

The bill is so drawn to cover every firm manufacturing war goods either directly or indirectly for the U. S. or for lend-lease, extending to any contractor certified by the President as being engaged in national defense work. Both primary contractors and subcontractors would be affected, but contracts under \$10,000 would be exempt, meeting the objection that profit limitation stymies subcontracting. (This argument killed the old Vinson-Trammell Act limiting naval and aircraft profits.)

Interesting collateral possibility is that labor unions may be tapped. Vinson's survey of increased profits from defense included 4,663 labor organizations.

Co-Workers after All

Although on the surface Secretary Morgenthau, Price Administrator Hen-

derson, and Chairman Eccles of the Federal Reserve Board seem to be at odds about compulsory savings and other anti-inflation curbs, the three are holding secret weekly meetings at which they discuss every phase of the present situation. Also attending these conferences are Joseph L. Weiner, Henderson's right-hand man on civilian supply, and Donald Nelson, SPAB's executive director and OPM's priorities director. Two meetings have already been held.

Results have not only been encouraging but have eliminated some of the differences which exist between OPA, OPM, the Reserve Board, and the Treasury. The interdepartmental group is called the "price control inner cabinet."

Relying on Stabilization

The Administration has set its face against wage ceilings, insisting that inflation of labor costs can be controlled by stabilization agreements, negotiated industry by industry. Now that technique is threatened. A showdown on the policy espoused by Sidney Hillman, involving Federal Works Administrator Carmody and the Department of Justice on one side, and OPM on the other, has brought the issue to a head. The Administration must now decide how far it is prepared to go in backing up the form of wage control inherent in Hillman's plan.

The one big obstacle to the stabilization agreements is the split between A.F.L. and C.I.O. Neither can afford to tie itself up in an agreement if its competitor union, not bound by the agreement, can attempt to invade the other's preserves. It is this problem which has held up the stabilization agreement in aircraft. Hillman's solution is to freeze out union competition in each field with the "dominant" union. In this way, he is able to offer a quid pro quo to the selected union for the sacrifices it makes in signing, and he is able to make it safe for the union to sign.

Issue Comes to a Head

As predicted (BW-Jul.12'41,p7), this policy was bound, sooner or later, to raise an explosion from the rejected union. Specific issue involved in the current intergovernmental tangle was what to do with a bid on a Wayne, Mich., defense housing project submitted by the Currier Lumber Co. of Detroit. The bid of \$1,155,000 was low for the job by \$523,000, but Carmody, at the request of OPM's Labor Division, withheld granting of the contract. The

reason: Last July OPM signed a stabilization agreement with the A.F.L. covering all defense construction. Effect of the agreement was practically to guarantee the A.F.L. building trades union a closed shop on all defense construction. Currier's construction firm, which specializes in prefabricated housing, has a closed-shop contract with the C.I.O.'s Construction Workers Organizing Committee, and the A.F.L., armed with its "monopoly" agreement with the OPM threatened to pull its members off every defense construction job in Michigan if the contract was awarded to the Currier firm.

Works Administrator Carmody, caught between Currier's low bid, which the Justice Department held could not be ruled out, and the question of national labor policy raised by the OPM-A.F.L. agreement, was clearly on the spot. To award the contract would be to sacrifice the stabilization agreement and to reject a low bid because the bidder did not employ A.F.L. labor would be to invite a howl in Congress, which has been effectively circularized on the situation by the C.I.O. Hillman flatly ordered rejection of the bid in the interests of his national labor policy which he claimed had White House backing. This won't, however, end the matter. The C.I.O. is out to make a political fight on this issue, and it will have to be fought in the open.

Planes for Airlines

The President himself took a hand in the long squabble over allocation of planes to the airlines. Last week the issue turned up in the hands of the Supply Priorities and Allocation Board, which this week issued an order that 228 ships be earmarked for the lines. Although air transport accordingly gets an allocation of 65% of its total present equipment (350 planes) for the next 18 months, Under Secretary of War Patterson wins the point that they must be built for quick change to Army service. In other words, the planes will be on loan to the airlines, subject to call.

Airplane Production

September production of 1,914 planes surprised everybody. A gain of 60 planes over August may not look impressive, but September had three fewer working days and August figures were inflated by some 100 ships substantially completed in July.

• **Coming Along**—Output was still some 300 planes—about 15%—behind the

schedules set a year ago for September. However, with 12,651 built so far this year, plane output will top the 18,000 units estimated last January as the best that could be expected.

Engine Records, Too

August set production records for engines as well as planes. About 2,700 engines of combat sizes were turned out, of which some 700 were liquid-cooled. Perhaps 500 of these were exported (exclusive of those on exported planes). About 1,200 smaller engines for trainers and tanks (which use airplane engines) were built, bringing total horsepower output to about 4,500,000. A year ago horsepower output was 1,500,000.

By companies, Pratt & Whitney and Wright Aeronautical were running about even in August, with production of 1,700,000 hp. and 1,780,000 hp. respectively, while Allison produced some 927,000 hp.

Coordinator of Transportation

The President is about to create another defense agency by executive order—the Office of Coordinator of Transportation. A draft order now in Roosevelt's hands would give the coordinator authority over all forms of transportation—air, water, truck, rail, pipelines. The office was proposed several months ago but was dropped when Roosevelt decided the need was not apparent.

Now, however, Oil Coordinator Ickes has got himself in the middle of a fight between the pipelines and the railroads and it's proposed to drop this hot potato into a transportation coordinator's lap.

The order would wipe out the last remaining fragment of the old Defense Commission—the office of the Transportation Commissioner, headed by Ralph Budd. ICC Chairman Joseph B. Eastman has the inside track for the new office. He had the title of Coordinator of Transportation several years ago, but the job went pfft because of opposition from rail management and labor.

Compulsory Farming Out?

Congressional sentiment for trying to spread the defense load by legislation is growing. Persistent pestering by bosses and workers whose operations are being curtailed is having its effect. If some congressmen have their way, breaking down Army and Navy contracts into small units and subcontracting to distressed plants, even at higher prices, will be required by law. Look for riders on the new lease-lend bill, if basic provisions can be drafted and agreed on. Otherwise various proposals will be pushed independently.

Senator Schwartz of Wyoming is airing a scheme to create a government corporation to purchase reserve supplies

of Army and Navy matériel of the sort that small manufacturers can turn out. Schwartz's proposal would divide the country into procurement districts within which flat prices would be paid for the stuff. Moreover, the senator claims that the President could set up such a system without new legislation.

Bungles for Britain

High-powered aeronautical engineers have sometimes wondered audibly whether automotive plants getting into plane production would be able to handle stiff aviation specifications. Some auto-production men return the compliment by complaining that aviation firms don't draw their specifications tight enough. At one plant now switching over to aircraft accessories, foremen were provided with sets of specifications and then sent on a visit to the parent plant which originally built the product. There they were told by the technicians that, sure, the specs say this, but last month we found it's better to make it this other way. Then the man at the bench would tell them that he'd found a different way of doing it, and that was the way the stuff was really being built.

At the auto plant, however, inspection is on the basis of the specs, and when the accessories built to the specs fail to measure up to the ones coming out of the parent plant, back they come. One foreman says he spends his time making bungles for Britain.

Power Priorities

OPM is ready to put priorities on power distribution in the drought-stricken Southeast. Officials are convinced that the worsening situation can't be adequately met by the voluntary curtailment enlisted by the Federal Power Commission during the early summer. At that time several municipalities served by TVA failed to cooperate. FPC has no jurisdiction over municipal operations. SPAB's authority is not so circumscribed. Private utilities feel they shouldn't be called on to ration power unless everybody does.

• **Imminent**—A priorities order is expected within a week or two. This will probably put deliveries on a percentage scale from 100% for defense and such services as hospitals, police, etc., to substantially lower ratios for nondefense industrial and commercial loads.

Wanted: Rolled Armor

Getting going on tanks has zoomed requirements for rolled armor by 100% since the Hauck steel report was approved last week (page 20). OPM won't say what rolled-armor requirements were or are but it's a good bet that more is wanted for the war front in the shortest possible time. More tank steel means

more alloy steel. Hence a further hike is likely in the 1,000,000-ton boost in electric furnace capacity.

Food Stamp Crackdown

To prevent the rapid spread of fraudulent use of food stamps from endangering the program, the Surplus Marketing Administration is cracking down hard. With the active cooperation of top food-distributing organizations, several hundred inspectors headed by Guy Hottel, former FBI man, is enforcing compliance with regulations prohibiting redemption of stamps in cash or in merchandise not included on the food surplus list. Policing of 200,000 stores is a big job. Refusal to honor stamps turned in by offending storekeepers is usually effective but in 1,200 flagrant cases the stores have been barred indefinitely from further participation in food-stamp business. Seventy criminal actions have been brought.

P. S.

Antitrust prosecution for noncompetitive price-fixing of ground hobs (tools used to cut gear teeth) involves the Barber-Colman Co. of Rockford, Ill., and six other machine-tool manufacturers. . . . Manitowoc, Wis. (aluminum ware), and Evansville, Ind. (refrigerators, auto body parts), have been certified by OPM to the War and Navy Departments for defense work. All towns making washing machines will be certified shortly, including Algonquin, Ill., Fairfield, Kellogg, Newton and Webster, Iowa, Sandusky, Ohio, Ripon, Wis. . . . Several reports of food poisoning have been traced by the Food and Drug Administration to the use of cadmium in plating household refrigerator trays and cooking utensils. OPM is looking into the situation. . . . Major defense contracts placed by the Navy department include \$48,000,000 to Canadian firms. . . . Vice-President Wallace is understood to be planning to take the Treasury's division of foreign funds into his economic warfare agency. Morgenthau isn't expected to let it go without a fight. . . . After the Maloney committee bumped Secretary Ickes on the oil "shortage" issue, a New Deal official who has intimate White House connections made a \$10 bet that Ickes wouldn't be in the cabinet much longer. He set Jan. 1 as his deadline. . . . Chairman H. A. Millis of the NLRB, may resign because of the ill health of his wife. Millis himself, 68, isn't up to par. . . . Differences between new Attorney-General Biddle and Assistant Attorney-General Arnold on antitrust law enforcement in the emergency seem washed up. Biddle is taking the same tack as Arnold in insisting that small business needs protection now more than ever. Arnold is happy, will stay on the job.

FIGURES OF THE WEEK

THE INDEX (see chart below)

PRODUCTION

	\$ Latest Week	Preceding Week	Month Ago	6 Months Ago	Year Ago
Steel Ingot Operations (% of capacity)	98.1	96.9	96.9	99.3	94.2
Automobile Production	76,820	77,035	32,940	116,255	105,153
Engineering Const. Awards (Eng. News-Rec. 4-week daily av. in thousands)	\$19,797	\$22,331	\$18,865	\$17,667	\$16,749
Electric Power Output (million kilowatt-hours)	3,290	3,233	3,096	2,938	2,792
Crude Oil (daily average, 1,000 bbls.)	3,861	4,060	3,815	3,514	3,481
Bituminous Coal (daily average, 1,000 tons)	1,825	1,655	1,829	1,967	1,700

TRADE

Miscellaneous and L.C.L. Carloadings (daily average, 1,000 cars)	93	93	91	84	81
All Other Carloadings (daily average, 1,000 cars)	60	58	61	48	56
Check Payments (outside N. Y. City, millions)	\$6,136	\$5,704	\$5,020	\$6,160	\$5,008
Money in Circulation (Wednesday series, millions)	\$10,183	\$10,070	\$10,034	\$8,944	\$8,172
Department Store Sales (change from same week of preceding year)	+24%	+12%	+30%	+34%	None
Business Failures (Dun & Bradstreet, number)	172	181	145	267	252

PRICES (Average for the week)

Spot Commodity Index (Moody's, Dec. 31, 1931 = 100)	213.7	214.0	218.0	185.3	160.9
Industrial Raw Materials (U. S. Bureau of Labor Statistics, Aug., 1939 = 100)	145.1	145.2	145.3	134.1	114.4
Domestic Farm Products (U. S. Bureau of Labor Statistics, Aug., 1939 = 100)	161.5	161.8	162.9	133.7	117.7
Iron and Steel Composite (Steel, ton)	\$38.15	\$38.15	\$38.15	\$38.15	\$38.05
Scrap Steel Composite (Iron Age, ton)	\$19.17	\$19.17	\$19.17	\$19.17	\$20.62
Copper (electrolytic, Connecticut Valley, lb.)	12.00¢	12.00¢	12.00¢	12.09¢	12.00¢
Wheat (No. 2, hard winter, Kansas City, bu.)	\$1.15	\$1.13	\$1.12	\$0.88	\$0.79
Sugar (raw, delivered New York, lb.)	3.50¢	3.50¢	3.50¢	3.40¢	2.79¢
Cotton (middling, ten designated markets, lb.)	16.97¢	16.59¢	17.37¢	11.08¢	9.45¢
Wool Tops (New York, lb.)	\$1.309	\$1.303	\$1.315	\$1.259	\$
Rubber (ribbed smoked sheets, New York, lb.)	22.50¢	22.50¢	22.50¢	22.23¢	19.79¢

FINANCE

90 Stocks, Price Index (Standard & Poor's Corp.)	80.1	80.6	81.1	79.4	84.9
Medium-Grade Corporate Bond Yield (30 Baa issues, Moody's)	4.28%	4.32%	4.27%	4.33%	4.57%
U. S. Bond Yield (average of all issues due or callable after twelve years)	1.92%	1.94%	1.91%	2.00%	2.14%
U. S. Treasury 3-to-5-year Note Yield	0.38%	0.38%	0.31%	0.52%	0.45%
Call Loans Renewal Rate, N. Y. Stock Exchange (daily average)	1.00%	1.00%	1.00%	1.00%	1.00%
Prime Commercial Paper, 4-to-6-months, N. Y. City (prevailing rate)	1/2%	1/2%	1/2%	1-1/8%	1-1/8%

BANKING (Millions of dollars)

Demand Deposits Adjusted, reporting member banks	24,277	24,390	24,349	23,093	21,152
Total Loans and Investments, reporting member banks	29,125	29,120	29,238	26,952	24,329
Commercial and Agricultural Loans, reporting member banks	6,447	6,389	6,222	5,465	4,630
Securities Loans, reporting member banks	922	918	1,043	958	906
U. S. Gov't and Gov't Guaranteed Obligations Held, reporting member banks	14,301	14,397	14,567	13,331	11,862
Other Securities Held, reporting member banks	3,800	3,769	3,768	3,793	3,682
Excess Reserves, all member banks (Wednesday series)	5,190	5,200	4,860	5,941	6,721
Total Federal Reserve Credit Outstanding (Wednesday series)	2,244	2,279	2,241	2,244	2,482

* Preliminary, week ended October 4th.

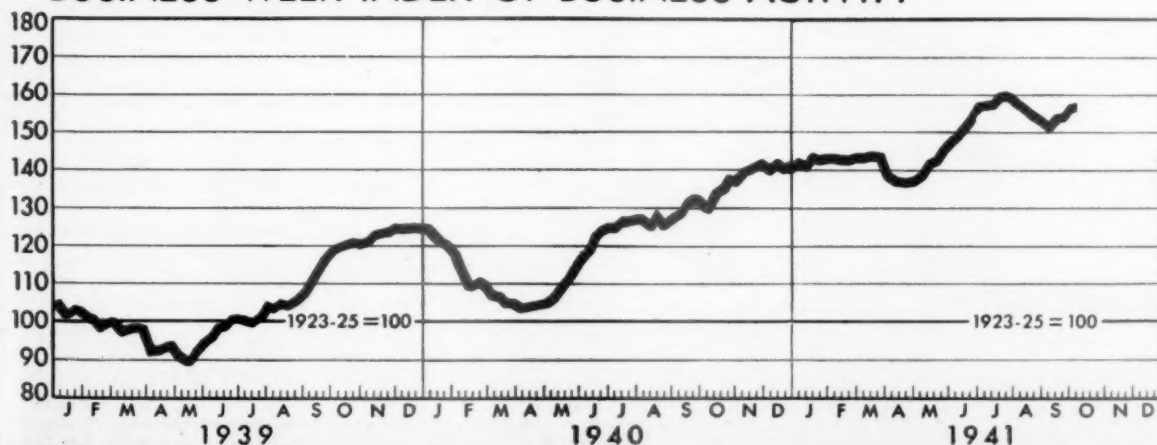
† Revised.

‡ Date for "Latest Week" on each series on request.

§ Not available.

¶ Ceiling fixed by government.

BUSINESS WEEK INDEX OF BUSINESS ACTIVITY



**"Take a bolt of lightning
to all offices, Miss Smith"**



Streaking across the miles with lightning speed, a teletyped message appears in typewritten form in one or many connected offices or plants almost instantaneously.

Today, it may be a message locating or routing vital Defense materials . . . expediting the production of Army or Navy supplies or equipment . . . helping chart the weather for military or commercial air fleets.

For the teletype and telephone are on the job for Uncle Sam. America's communications are ready for the Big Job.



BELL SYSTEM TELETYPEWRITER SERVICE

THE OUTLOOK

Better Than the Headlines

Business will continue its upward drive despite bad news affecting near-term course of war. New plant capacity is still being built; gains in employment outrun losses due to curtailment.

During the next few months—say, through December or even January—the tenor of business and political news is apt to be discouraging. On the surface, things will look bad. Labor troubles, priorities unemployment, ghost towns, increased shortages of critical materials, a wider use of allocations, standardization of consumer products, and probably several more sinkings of American ships will make headlines. Under such a load, business sentiment will have a hard time holding up.

Nazi War Strategy

Furthermore, the German attack on Russia is bound to increase domestic uneasiness about the outcome of the war. Indeed, on Tuesday, just after the first cable reports reached the United States of the gigantic Nazi drive toward Moscow, the stock market sold off sharply. Wall Street feared that at last the Germans might break through and wind up the Russian campaign blitzkrieg fashion.

Such an outcome is possible; but it is the best German strategists hope for. The real and more attainable objective is modest by comparison: to threaten Moscow while preparing for a winter campaign through the Ukraine and the Caucasus. If the Russians are cut off from (1) the Ukraine's heavy industries, (2) Caucasian oil, and (3) the supply route through Iran, then the Germans would be all set for a crushing spring offensive on the central and northern fronts—counting as they would on their superiority in supplies to produce a blitzkrieg. After that political strategy might call for a peace offensive or simply trading air raids with the British in the hope of ultimately gaining a stalemate victory.

British Counter Plan

When that has been said, however, the worst has been said. A German cleanup in Russia would certainly aggravate the task ahead for this country and Great Britain. It would mean, specifically, that German troops would be freed to guard against invasion; and with German forces massed on the coast line and along the Spanish and Turkish borders, a bridgehead could only be won at tremendous cost.

The British-American counter-strategy is to keep the Russian Army a going

concern. To that end, supplies will be sent as speedily as possible by way of Iran and Vladivostok. In this, shipping is the major problem, rather than production. For even after the long sea hauls—around Africa or across the Pacific—the supplies must then be unloaded and reloaded for difficult railroad runs (BW—Sep. 27 '41, p. 74). Thus, the rapidity with which this country moves supplies to Russia is likely to be decisive for the near-term course of the war.

Over the longer-term, however, American plans are still to produce an overwhelming array of armaments, get them overseas, using the British Isles as a base, and in that manner overpower the Germans—either by a show of strength or by actually forcing a bridge-

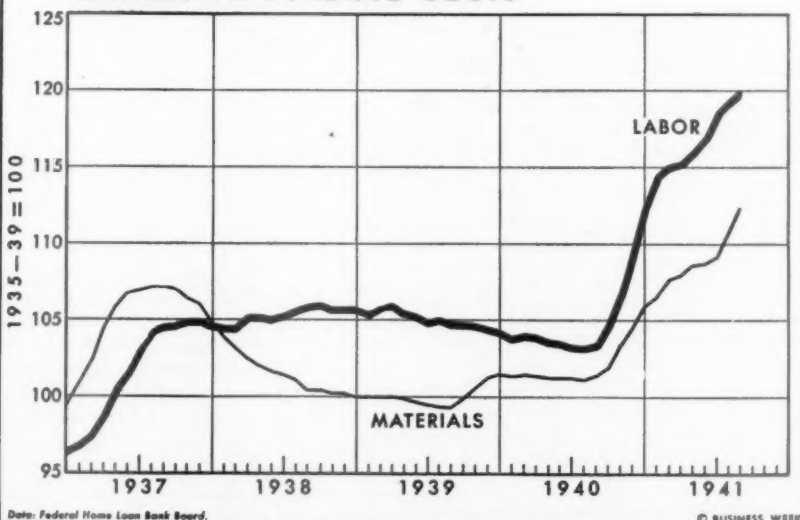
head. It is this pressure on domestic industry to produce armaments at full speed that will make the business news seem bad in the coming months.

Government controls over industrial operations are bound to become more intensive. Thus, this week, the Office of Production Management directed that no orders for copper products may be filled unless the consumer can verify (1) that the copper is needed for immediate production, (2) that he has not the necessary copper in his inventory. In short, copper consumption is put on an as-you-produce basis. In the same direction, OPM forehandedly has put lead under full mandatory control, even though there is still plenty to go around. The purpose is to see that no scarcity—for defense needs—develops (page 74).

Still Building Plant

There is danger, however, in over-drawing the somber side of the near-term outlook. Remember, that the present war is not directly comparable with the first World War. Then, after 1915, production in the United States

IN THE OUTLOOK:
RESIDENTIAL BUILDING COSTS



Ordinarily, a decline in building contracts awarded has been associated with a rise in building costs. During the '30s the common explanation of the low volume of private construction was that costs were too high. But there is some question whether history will repeat during the present phase of defense. In August, for instance, residential building contracts reached a post-depression peak; yet,

costs have risen sharply (see chart). Labor is up 16% over a year ago; materials, 11%. However, demand for housing in armament localities is booming regardless of costs. Moreover, a good many prospective homeowners want to build before labor and materials go up some more. Chief deterrent now is not high costs, but fear of shortages of materials while construction is in progress.

reached a plateau and stayed there. But this time, after two years of war, production is expanding, and we are still building new plant capacity.

As stated here last week, the defense effort has attained a momentum and an independence all its own, regardless of the developments in the Russian-German struggle. And though consumer durable-goods industries will be forced to curtail or shut down, the effects on business as a whole can easily be exaggerated. Consider these facts: Total estimated unemployment in the auto industry is estimated at 200,000 over the rest of the year; but in August industrial employment in the country increased 261,000; and the month before that, 423,000. The rise in employment generally will help offset part, if not all, of the unemployment in consumer durable-goods plants.

So, all in all, the underlying tone of business is much better than the headline news makes it seem. This week, for example, steel attained the highest tonnage on record, and expansion in such key defense lines as ships, airplanes, tanks, and guns reached new high levels, counterbalancing modest declines in heavy consumer-goods, such as autos, refrigerators, etc. Therefore, if the stock market breaks and things look black, remember defense is still driving the economy—onward and upward.

Ad Men's Arsenal

War problems and anxiety roused by governmental policies result in concerted defense of advertising's economic function.

Quietly, but nonetheless emphatically, the advertising fraternity has been building up a special case of the jitters in the past month or so. Prompted mainly by the overclouding effects of the war economy, the anxiety is also being fed in no small way by Thurman Arnold's prosecution of the major tobacco companies, in which advertising is cited as a device furthering iniquities in distribution and prices; by Arnold's inquiry into the "necessity and desirability" of advertising branded petroleum products; by the consumer-minded tinge of OPA; and by the possible adverse effects of any price-control legislation.

Just how far such misgivings have taken hold was thrice demonstrated within the past week. On Tuesday night, 900 members of the profession—reading like a blue book of all media and agencies—jammed into Manhattan's Biltmore Hotel to hear Thurman Arnold and Raymond Rubicam, chairman of the board of Young & Rubicam, talk about advertising. This, the first of four projected get-togethers on advertising, was staged by the Advertising Women



Thurman Arnold (left), Assistant Attorney General, and Raymond Rubicam (right), board chairman, Young & Rubicam, discussing pros and cons of

advertising last week, drew a packed house of 900 nervous admen. Hartford Powell (center), who directs defense bond promotion, presided.

of New York and the Advertising Club of New York in cooperation with the Advertising Federation of America, the Sales Executive Club of New York, and the American Marketing Association.

• **"Grave Threats"**—Meantime, the Association of National Advertisers and the American Association of Advertising Agencies announced that they would jointly convene in Hot Springs, Va., Nov. 13-15 in order to "place before the producers and users of advertising the facts relating to the grave threats to national brands and the advertising of them, to present basic facts about the economic operation of advertising and its vital place in maintaining an expanding economy, and to consider what should be done."

And from yet a third direction, Dr. L. D. H. Weld, research director of McCann-Erickson, told the Direct Mail Advertising Association's annual convention that governmental opposition to advertising merely reflects public opinion, and that "advertising men urge other people to advertise but have done little to advertise their own wares."

• **Academic Arsenal**—What will probably eventuate out of all these separate reveilles for a defense is—first of all—an academic arsenal to back up advertising's justification in the U. S. economy. On that score, the Arnold-Rubicam dinner showed its most productive phase. Time and again the fact was brought out that advertising's historical and theoretical position lacks sufficient documentation, hence is too easily stormed by critics handy with deduction and denunciation.

Thurman Arnold's statement of the viewpoints of the Antitrust Division was mainly a summation, contained little new material that could not be found

in prior Arnold utterances or writings. Contending that advertising is only a legal evil when it helps freeze channels of distribution, Arnold boiled such mal-factions down to three categories:

(1) "Full-line forcing" (making the distribution of well-advertised products contingent on acceptance of lesser-known brands in a manufacturer's line).
(2) Carrying "full-line forcing" to the extent of barring a dealer from handling competing lines.

(3) Horizontal price-fixing (as in certain types of cooperative advertising where the advertised price applies, by agreement, to the entire list of cooperating advertisers).

• **Waste Held Sporadic**—With regard to advertising in general, Arnold professed his belief that its alleged waste is merely sporadic in a freely competitive economy, because—in the fight for a bigger market at a lower price—waste is bound to eliminate itself. Charges of advertising "hokum" he dismissed as irrelevant, for "one man's hokum is another man's gospel."

Whether Arnold's audience, by nature inclined to regard him with dire misgivings, agree that his plain statement covered his entire outlook or thought he was merely putting the best foot forward, it did agree with Raymond Rubicam that advertising's lack of academic assurance is conducive to a growing inferiority complex. Hence, one phase of the defense is pretty well agreed on.

• **Spadework by Borden**—As for the academician nominated to do the spadework, that, too, is fairly well established. He is Prof. Neil H. Borden, of the Harvard Graduate School of Business Administration, currently finishing a massive study of the entire subject, scheduled to appear around Jan. 1.

Jones' Bottleneck

OPM officials and congressmen charge RFC with delay in arranging plant financing, but the No. 1 money lender says he moves as fast as responsibility permits.

Jesse Jones is on the hot seat. He's trying to get off and admirers of the autocratic banker bet that he will. Jones' position is not unusual. Like other officials before him, his turn has come to be blamed for delay in the defense program. OPM executives have had to take punishing criticism for failure to get quicker, bigger output. Now they are pointing at Jones, charging that their schedules for expanding production of aluminum, magnesium, and other critical materials have been tardily handled by the chief of the Federal Loan Agency, which must supply the money to finance the new plant capacity.

OPM isn't the only outfit which is concerned about keeping Jones up with defense; the Senate, through the me-

dium of its special committee investigating the defense program, has also had the Houston banker on the pan.

● **Preparing Rebuttal**—In answer to all his critics, Jones thus far has stood on his record, convinced that it's "a good record." Now, he's going to make a more energetic defense. He is compiling a detailed rebuttal. Inevitably, Jones' statement of his own case will feature as a principal exhibit the data summarized in the table below, showing that on principal defense plant expansions only a month or so on the average has elapsed between the date when OPM has recommended a project and the date when the Reconstruction Finance Corp. or its subsidiary, the Defense Plant Corp., has announced con-

clusion of a contract, formally embodying financing terms. That hasn't meant, of course, that construction could be started immediately—selection of a plant site, for example, has often been one big cause of further delay—but it has meant that Jones has discharged his principal obligation—arranging for funds.

Jones' statement of his operations is eagerly awaited by his critics, because thus far they have been principally handicapped by a lack of facts. RFC is notoriously close-mouthed and that makes it difficult for them to find out just what happened when. Even a painstaking reconstruction of events designed to show how Jones and his aides have functioned in the handling of major plant expansions is apt to have some significant gaps in it—witness the table below—and some doubtful entries.

● **Big Jobs Take Longer**—It seems reasonable to assume, however, that the full record of lending operations—if and when it becomes available—will make Jones look better than the partial record of his performance on the big jobs suggests. After all, big projects take longer

Box Score on Financing Major Defense Plant Expansions

Project	Date of OPM'S Recommendation	Date Contract Announced by RFC or Subsidiary	Capacity Scheduled	Cost
ALUMINUM (production, processing)				
Aluminum Company of America.....				\$52,000,000 ⁽¹⁾
Alcoa, Arkansas.....	July 9, 1941	Aug. 20, 1941	100,000,000 lb.	
Bauxite, Arkansas.....	July 15, 1941	Aug. 20, 1941	400,000,000 lb.	
Massena, New York.....	July 9, 1941	Aug. 20, 1941	150,000,000 lb.	
Troutdale, Oregon.....	July 31, 1941	Aug. 20, 1941	90,000,000 lbs.	
Bohn Aluminum & Brass Co.....	July 15, 1941	In negotiation	70,000,000 lb.	Not determined
Reynolds Metals Co.....	July 15, 1941	Sept. 30, 1941	100,000,000 lb.	13,519,500
Olin Corp.....	July 15, 1941	Sept. 10, 1941	30,000,000 lb.	3,900,000
Union Carbide & Carbon Co.....	July 15, 1941	In negotiation	60,000,000 lb.	Not determined
MAGNESIUM (metal, alloys, and fabrication)				
Basic Magnesium, Inc. (sub., Basic Refractories, Inc.).....	July 14, 1941	Aug. 13, 1941	112,000,000 lb.	63,168,799
Diamond Alkali Corp.....	Aug. 7, 1941	Sept. 10, 1941	36,000,000 lb.	16,000,000
Dow Chemical.....	Not available	Mar. 8, 1941	18,000,000 lb.	8,007,407
Dow Chemical.....	Aug. 9, 1941	Sept. 10, 1941	72,000,000 lb.	52,000,000
International Agricultural Corp.....	Not available	Sept. 29, 1941	24,000,000 lb.	12,317,000
Mathieson Alkali Works.....	Not available	Sept. 29, 1941	36,000,000 lb.	16,000,000
Todd—California Shipbuilding Corp. (sub. Todd Shipyards Corp.).....	Not available	Feb. 28, 1941	Not available	9,250,000
PIG IRON				
Bethlehem Steel Corp.....	July 2, 1941	In negotiation	1,692,000 tons	Not determined
Carnegie-Illinois (sub. U. S. Steel).....	June 25, 1941	Aug. 1, 1941	860,000 tons	32,000,000
Colorado Fuel & Iron Corp.....	July 2, 1941	In negotiation	274,400 tons	Not determined
Inland Steel Co.....	July 2, 1941	Sept. 29, 1941	900,000 tons	34,000,000
Republic Steel Corp.....	July 2, 1941	Aug. 23, 1941	1,572,000 tons	58,312,000
U. S. Steel Corp.....	July 2, 1941	In negotiation	1,571,550 tons	Not determined
STEEL				
Bethlehem Steel Corp. (steel plate).....	July 28, 1941	In negotiation	780,000 tons	23,097,000
Carnegie-Illinois (sub. U. S. Steel) (armor plate, heavy forgings).....	June 25, 1941	July 18, 1941	1,800,000 tons	84,950,000
SYNTHETIC RUBBER				
Firestone Tire & Rubber Corp.....	May 9, 1941	May 16, 1941	2,500 tons ⁽¹⁾	1,250,000
Goodyear Tire & Rubber Corp.....	May 9, 1941	May 16, 1941	2,500 tons ⁽¹⁾	1,250,000
Hycar Chemical Co. (sub., B. F. Goodrich and Phillips Petroleum Co.).....	May 9, 1941	June 30, 1941	2,500 tons ⁽¹⁾	1,250,000
U. S. Rubber Co.....	May 9, 1941	May 16, 1941	2,500 tons ⁽¹⁾	1,250,000
TIN				
Tin Processing Corp. (sub., A. V. Billiton Maatschappij).....	⁽²⁾	Feb. 26, 1941	18,000 tons	3,500,000

⁽¹⁾Synthetic rubber program increased to 10,000 tons and \$2,750,000 for each plant subsequent to this initial commitment.

⁽²⁾A tin smelter was recommended by the Defense Commission in August, 1940.

⁽³⁾Exclusive of land.

to put through than little ones, and the bulk of the plant expansions, which the Defense Plant Corp. has financed out of the \$2,042,000,000 that it spent between the time of its establishment on Aug. 22, 1940, and Sept. 13, 1941, have been small—small, at least, compared with the expansions in aluminum, magnesium, and steel capacity.

Aside from the fact that you can't increase the production of, say, magnesium from 30,000,000 to 310,000,000 lb. simply by waving a wand, Jones' principal defense must inevitably rest on the argument that he is charged with protecting the government's interest in each and every one of the plants for which his agencies put up the cash to buy sites, erect buildings, and install equipment. After all it's Uncle Sam that is going into business. The manufacturer may be responsible for building the plant and operating it, but the title stays with the federal government, and it is Jones' job to see that that title is worth something after the war.

• **What the Critics Say**—The very hard-headedness which at one time won Money Lender Jones considerable distinction, at least in contrast with other free spenders in the New Deal hierarchy, is the very quality that is now winning him nothing but trouble. Defense authorities and congressmen now find his deliberation exasperating. They say it is ill-suited to the emergency. They say it accounts for lost time, lost man-hours of production, just as strikes do.

Thus far, Jones has taken the criticism of his operations pretty philosophically, knowing that he's damned if he does and damned if he doesn't make his loans with speed and dispatch. This was evident at the Senate hearings when the Truman committee was putting Jones over the jumps. First Hugh A. Fulton, the committee's chief counsel, took Jones to task on the charge that the Defense Plant Corp.'s \$52,000,000 contract with the Aluminum Company of America did not adequately protect the government's interest. Then Senator Brewster of Maine, remarking the general failure to anticipate aluminum requirements, censured Jones for his part in that episode.

• **Money Lender's Answer**—In reply to the senator, Jones observed, "We are negotiating contracts all the time, and we do it as rapidly as good business warrants."

As long as Jones has his hands on the purse strings, the policy implicit in that last clause, "as long as good business warrants," is going to continue to govern defense plant expansion. And it's going to continue to make trouble for the nation's No. 1 money lender. But, at least, it can't make big trouble for him much longer, for with the aluminum and magnesium expansions pretty well set, Jones figures we're over the hump on increasing industrial capacity.

Alcoa Vindicated

Monopoly charges swept aside by court in long decision ending four-year suit. Appeal planned by Antitrust Division.

Charges of monopoly against the Aluminum Co. of America were swept aside by Federal Judge Francis G. Caffey on Monday of this week. The jurist devoted most of five court sessions to dictating his decision on the monopoly phase of the government's prosecution, and then launched into his findings as to allegations of conspiracy and restrictive practices with conclusion of the protracted decision expected next week.

The length of the decision, incidentally, is altogether in keeping with the history of the case. The suit was instituted more than four years ago, two and a half years were devoted to taking of testimony, the evidence fills something over 70,000 typewritten pages, and, even though questioning of witnesses closed in August of 1940, final briefs were not received until March of this year. Moreover, the end is not yet because Thurman Arnold, speaking for the Justice Department's Antitrust Division, says an early Supreme Court appeal will be taken from the findings of 73-year-old Judge Caffey.

• **Proof Held Lacking**—The government's charges were broken up into

three categories by the judge—monopolization, conspiracy, and restrictive practices. As the latter two are more or less subsidiary to the first, most interest attached to the decision on monopolization. On this, Judge Caffey declared that "the charges of monopoly have not been proven, and on none of them is the government entitled to any injunctive relief whatsoever."

In arriving at this decision, Judge Caffey devoted much time to explaining his interpretation of Section 2 of the Sherman Antitrust Act. This clause, he asserted, does not render illegal a monopoly as such, but rather it places on the government the burden of proving that the defendant has acted in such a way as to exclude competition. Thus, even though there had never been any question but that the Aluminum Co. was the sole producer of aluminum when the case was instituted on Apr. 23, 1937, Judge Caffey held the government had not proved the element of "exclusion" in any phase of Alcoa's operations.

• **Separate Activities**—Analyzing the government's allegations, the jurist broke the case on monopolization down into 12 separate Aluminum activities. These were bauxite, water power, alumina produced from bauxite, virgin aluminum made from alumina, castings, cooking utensils, pistons, extrusions and structural shapes, foil, miscellaneous fabricated products, sheet, and cable.

In brief, he disposed of the first four as follows: The government brought forward only two witnesses, and these



NEW TERM

New Chief Justice of the U.S. Supreme Court, which met for the first session of its 1941-42 term this week, is Harlan Fiske Stone—who succeeds

Charles Evans Hughes, retired. Labor cases are jamming the docket again this year; among them are four relating to the right of unions to strike, picket, and engage in boycotts—now an issue in women's apparel (page 50).

hardly qualified as experts, to verify the contention that Alcoa controls 90% of all the aluminum-grade bauxite in the United States, while the defense offered two fully-qualified experts who denied this allegation. Federal Power Commission reports "completely discredit" any charge of monopolization of water power. To produce alumina and aluminum "it is necessary to have only bauxite and water power—plus, of course, a company and brains." And, finally, in the cases of four companies which at various times tried to compete or took preliminary steps looking toward competition, the court held that it had not been shown that Alcoa did anything to prevent such competition. Specifically, in the case of the late James B. Duke, Judge Caffey held that the government had not proved the allegation that Mr. Duke had been "bought off," but said rather that it appeared he had received reasonable compensation for valuable water power sites.

• **Allegations Held Baseless**—One after another, Judge Caffey took up castings, cooking utensils, pistons, extrusions and structural shapes, foil, and miscellaneous fabricated products, and in every instance he found the government had failed to prove that the Aluminum Co. had violated the Sherman Act. In fact, he criticized "loose" use of the term 100% monopoly, and pointed out that Alcoa's share of the foil business, for example, had declined since 1935.

Classifying the monopoly charges on manufacture of aluminum sheets as among the most provocative, Judge Caffey weighed them in great detail. He said that there was nothing in the record to sustain the allegation that Alcoa sells upwards of 90% of the aluminum sheet moving in interstate commerce or that it sells over 95% of the alloys known as duralumin.

• **"Superior Methods"**—Further, the judge asserted that Alcoa had not forced Baugh Aluminum Co. of Springfield, Mass., out of business through unfair practices, but rather that the Aluminum Co. had superior methods of manufacturing and selling which drove Baugh out.

Likewise, in reviewing testimony concerning relationships between Alcoa and the Sheet Aluminum Co. of Jackson, Mich., and the Fairmount Aluminum Co. of Fairmount, W. Va., the court said that it had not been proved that the price of virgin aluminum had been manipulated in relation to the price of sheets so as to preclude a profit to the two concerns.

• **Price Findings**—In connection with aluminum sheet and aluminum cable, Judge Caffey said that Alcoa had been guilty of improper pricing at times prior to 1933 and 1934—although not in recent years. Consequently, although pointing out that injunctions cannot be granted to right past wrongs, he said he

would retain jurisdiction over these matters for perhaps five years so that action could be taken in case of a future violation without a completely new suit.

Despite wide interest in the decision, it was felt in legal and business circles that the whole thing was a bit anticlimactic in view of the several new interests that have entered the aluminum field during the national emergency.

MOVIE LAW UPHELD

Since Sept. 1, movie producers distributing in the state of Minnesota have been confronted with the choice between violating a federal consent decree or a state law. They have been hoping that their dilemma might be resolved by a court decision invalidating the Minnesota law (BW—Sept. 6 '41, p. 32). This week, that hope was dashed when a district county court said that the state had a right to compel movie producers to sell an entire year's output at one time to theater owners who should then enjoy a 20% cancellation privilege. The federal decree compels the producers to sell their pictures only in maximum groups of five. The Minnesota law will be taken to the higher courts because the producers are afraid exhibitors, deeming it a better solution to the block-booking problem than the federal decree, will favor its passage in other states.



FOR BIGGER SHIPS

Before it can start building bigger ships, the U.S. has to have bigger drydocks—so this combination shipway-drydock is being rushed to completion at the Philadelphia Navy Yard. Three years is the estimated time for building a drydock this size (hailed as the largest in the world), but the Navy

How Metals Stand

By all the forecasts, those critical metals will be hard to get for civilian production, but some estimates are questioned.

The Office for Emergency Management issued a report last week on the maximum amount of copper likely to be needed for the defense program in 1942. The estimates were explained with so many "ifs" that they carried little conviction within the copper trade. And yet, to the small manufacturer whose production of civilian goods calls for at least a limited supply of copper, the report was important as the first official forecast of the copper supply and consumption program for next year.

Briefly, the outlook is not bright. There is already a shortage of copper, and, according to the report, it will be considerably larger next year in spite of increasing output.

• **Copper Forecast**—Because the supply situation in several other lines can be projected on the basis of the official copper report, the production and consumption estimates of the Office for Emergency Management are worth ex-

ordered Drydocks Associates to do it in 18 months. Now, at 11 months, the job is about finished. A sister dock nearby is half-completed as well, and the two docks, costing about \$10,000,000 apiece, will shortly be used for building two giant battleships which are expected to be a good deal larger than the 35,000-ton Washington recently commissioned at Philadelphia.



BACK ON THE JOB

In the thick of a general pig-iron shortage, the United States Pipe and Foundry Co.—through its subsidiary, the Riddlesburg Coal & Iron Co.—lighted a reconditioned blast furnace last week at Riddlesburg, Pa. (about 35 miles southeast of Altoona), which

would assure a regular supply of pig-iron for its Burlington, N. J. plant. The blast furnace, along with coal mines and coke ovens, had been shut down for several years, and was leased by the company from the RFC. It is expected to produce about 6,000 tons of pig-iron a month—to be used directly for national-defense purposes.

aming. They are tabulated as follows:

Supply	1941 (thousands of short tons)	1942
Domestic production...	950	1,100
Latin America.....	500	500
Canada, Mexico.....	100	100
Secondary copper.....	100	100
Total	1,650	1,800
Demand		
All military.....	600	1,000
Essential civilian.....	400	400
Other civilian.....	880	1,170
Total	1,880	2,570
Apparent shortages.....	230	770

The copper trade says that the supply figures are wholly realistic. It expects domestic output of copper easily to top 1,000,000 tons next year and feels that, unless a shipping crisis develops, Chile and Peru should be able to supply at least 500,000 tons of copper.

But insiders claim that consumption figures are high. Part of this is blamed on the Army and Navy, both of which are claimed to be buying far larger quantities now than can possibly be consumed in the next 18 months. To this can be added heavy advance-buying by many large industries whose current inventories—in the form of semi-fabricated products which can't economically be commandeered—are said to cover at least a year's normal needs.

• **Where Pinch Comes**—But whatever may be done about these conditions, it is plain that there will be a squeeze. The manufacturer of civilian goods who

is unable to get any defense business which would give him priority claim on at least limited supplies of copper and whose unrestricted needs for next year are figured at 1,170,000 tons is the one who will have to absorb the shortage.

Critics who insist that civilian consumption estimates are far too high point to average copper consumption in the United States during the peacetime years of 1936-38 of less than 750,000 tons. OEM comes back with the argument that national income is now much higher and that a better year for comparison is 1929, when consumption in this country topped 1,119,000 tons.

Realists, including economists in OEM, insist that the picture isn't actually as black as the estimates make it appear because, since the forecast was made, the country has begun its program of civilian curtailment.

• **Germany's Ration**—To show how far a defense program can go on very little copper if a country is willing to be completely Spartan in its non-defense use of the metal, critics point to the Reich, which is running its war machine on a copper production estimated for 1941 at not more than 115,000 tons.

The supply and demand picture for other strategic metals is not available yet from OEM but enough data are afloat in the trade to give a fair picture for both this year and 1942.

• **Aluminum Outlook**—Aluminum production in this country in 1941 will

not quite reach 600,000,000 lb. Projected demand for the metal, before drastic curtailment of civilian allocations began, ran to nearly 1,400,000,000 lb., including both civilian and defense needs. But it is already plain that defense needs have not kept up to schedule because of the delay in placing contracts (page 15). Meanwhile, the shut-down of the aluminum hardware business and the drastic rationing of supplies to other non-defense manufacturers since early this year have helped to cope with the scheduled shortage.

For next year, however, the outlook is no brighter. During this spring when estimates of defense demands for aluminum were being radically adjusted upward, defense officials arrived at 1,600,000,000 lb. as minimum defense consumption in 1942, and plans for production (plus greatly increased imports from Canada) were made to cover these requirements.

With the speedup in the defense program this month, and the apparent determination of Washington to catch up with its scheduled deliveries of planes, tanks, ships, and guns to Russia and the democracies (BW-Sep.27'41, p.16), it seems likely now that defense alone will absorb all of the output. But with the delay in contracting for the new aluminum plants, insiders now doubt if next year's supply will do much better than top 1,000,000,000 lb., which means certainly that there will be nothing for any but the most urgent civilian uses.

• **Magnesium for Defense**—Magnesium supplies will be just as tight, but since this country had never accustomed itself to extensive use of that metal, civilian industry will not be affected. America's prewar production of 12,000,000 lb. was never completely absorbed at home, and the surplus was regularly exported to Europe where it was used in the aviation and munitions industries. Even during wartime 1940, the United States absorbed only 11,531,000 lb.

Nevertheless, wartime demands of the aviation and munitions industries have boosted Washington's requirement estimates to 400,000,000 lb. for 1942. As recently as last month, however, Chemical & Metallurgical Engineering, bible of the chemical industry, reported that plant construction contracts already placed provided for capacity of no more than 190,000,000 lb. a year and that if all the expansion that has been contemplated were carried out, it could not possibly push annual output above 376,000,000 lb. It is significant that insiders in Washington already have pared next year's demands to 268,000,000 lb., and realistic estimates of actual production to 180,000,000.

• **Nickel from Canada**—Nickel supplies are worrying this country only modestly, though there may be little of this im-

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a thing or two
about
figure work!"**



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• "I could tell you lots more about the Model M Comptometer: how they've eliminated zeros on the answer register unless they're part of the actual answer, and how feathery-light they've made the key stroke, and the no-glare answer dials, and — oh, lots of things that add up to *economy!* I know, because I've used all types of adding-calculating machines, on all types of work, and Comptometer machines handle *more figure work in less time* with the greatest degree of first-time accuracy!"

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portant hardening alloy metal for normal business after we fill the tremendous new demands for armor plate for the tank program. Fortunately, 90% of the world's supply of nickel comes from Canada and nearly 70% of the output is consigned to the United States.

When a nickel shortage first threatened last spring, the Canadian and United States Joint Economic Defense Committee met and considered the situation. As a result, the International Nickel Co., almost the sole producer, agreed to up its production rate in order to boost deliveries to the United States nearly 30,000,000 lb. a year. But in spite of this boost, supplies next year—estimated at more than 200,000,000 lb.—will fall about 40,000,000 lb. short of demand unless non-defense consumption is curtailed more drastically than now.

• **Steel Gets Help**—The steel outlook has brightened with the announcement that plans for the expansion of capacity by 10,000,000 tons will get under way at once. These new mills will not be completely in operation until 1943, when they will boost total output to 99,000,000 tons. However, national defense planners don't expect their requirements to rise much above 35,000,000 tons a year. It will be up to civilian industry to fill its requirements out of the balance.

Whatever the pinch, American users can console themselves with the fact that Germany is carrying on its entire war effort this year on a production of not more than 40,000,000 tons of steel.

BY STATES

OPM's allocation of that 10,000,000-ton increase in steel capacity is expected to line up closely with the steel companies' proposals. Here's how their 13,118,768-ton expansion offers look on state-by-state basis.

State	Net Tons
Alabama	300,000
California	1,725,300
Colorado	250,000
Illinois*	50,000
Indiana	1,153,200
Kentucky	144,240
Maryland	300,000
Michigan	428,800
Missouri†	578,400
New York	600,000
Ohio	1,925,200
Oklahoma	56,000
Oregon	60,000
Pennsylvania	5,224,680
Texas	242,948
Washington	80,000
Total	13,118,768

* Excluding St. Louis area.

† Including St. Louis area.

More Steel

Expansion plan, approved by the SPAB, is expected to follow steel company proposals. Post-war problem for Far West.

With the approval of the Supply Priorities and Allocations Board for an immediate 10,000,000-ingot ton expansion in steelmaking capacity, together with rolling facilities, OPM officials have begun preparing requests to federal financing agencies for funds to carry out specific projects already lined up. Just what projects will get the go-sign won't be announced until this job is done. But you can make a good guess from the steel company expansion proposals already in OPM's hands (BW—Jun.14'41,p17; Jul.5'41,p28).

• **More Later?**—With this expansion, the United States will have a capacity of 99,000,000 tons. Some of the increase can be provided within nine months, and all of it within two years. Since most of it has already been as good as signed up for future defense production, OPM will shoot later for a further increase of 5,000,000 tons. But W. A. Hauck, OPM iron and steel branch consultant, who recommended the 10,000,000-ton increase, says the additional 5,000,000 tons will be hard to obtain and may take up to three years to complete.

There are two present plans for expanding capacity. One is the "scrambled facilities" method—expanding facilities in existing plants. The other provides for separate new self-contained plants—integrated units to be operated by steel companies which also have other plants. A further increase in capacity will call for a third method—the building of government plants for new companies not now in the steel business, estimated to cost \$150 an ingot ton as against \$125 for the other methods, which are also said to have the advantage of quicker construction and production.

• **Company Proposals**—For this program, steel companies have already submitted definite proposals for expansion of capacity by 13,118,766 tons, most of which would require government financing. Additional definite proposals running the total to 15,000,000 tons "and more" will soon be submitted. Included in the 10,000,000-ton program are projects which were previously approved. They cover 2,861,200 ingot tons, split as follows: Carnegie Steel Corp.—Homestead, Pa., 1,740,000; Duquesne, Pa., 100,000; Braddock, Pa., 295,200; Bethlehem Steel Co.—Sparrows Point, Md., 180,000; others financed entirely by companies, 462,000; others financed by Navy, 84,000. These projects provide capacity for armor plate, heavy forgings, alloy steel, completion of naval vessels,

BY COMPANIES

Before SPAB approved the 10,000,000-ton steel expansion, the steel industry had proposed increases in ingot capacity amounting to 13,118,768 tons. Here are the proposals (in tons) of ten of the leading companies on which OPM can now act:

	By Expanding Existing Plants	New Self- Contained Plants
Bethlehem Steel Co.	2,064,000	708,000
U. S. Steel Corp.	429,100	2,936,000
Republic Steel Corp.	1,450,000
J & L Steel Corp.	976,200
Inland Steel Co.	720,000
Granite City Steel Co.	500,000
American Rolling Mill Co.	384,000
Lukens Steel Co.	350,000
Pittsburgh Steel Co.	248,000
Apollo Steel Co.	241,920

6,508,950 tons of pig iron (15 new and four enlarged blast furnaces), a new plate mill at Sparrows Point, and 25 additional ore boats.

The total steel expansion program calls for a minimum increase of 1,000,000 tons each of electric furnace and Bessemer converter capacity. This leaves 8,000,000 tons for new open hearth capacity. The increased electric-furnace capacity is wanted for alloy steel to produce tanks, armor, aircraft, and tools. The Bessemer increase is wanted chiefly to take care of the scrap shortage. Pig iron will be thrown into the converter to make "synthetic scrap."

• **Post-War Problem**—Far-reaching implication of the new program is that the Far West is to be made independent of the East for steel. Steel company proposals for western expansion (BW—Jul.5'41,p28) covered 1,865,000 ingot tons (1,622,100 of open-hearth and 243,200 tons of electric steel) and 1,868,150 tons of new blast-furnace capacity. All this is expected to get the nod from Washington. That means not only that the future will see less steel going westward by Panama Canal and rail, but that the Pacific Coast steel companies must do some fast thinking when the emergency ends. The expansion proposals in Washington indicate that the chief competitors for the West Coast's post-war steel market will be Bethlehem and Columbia Steel Co., a United States Steel Corp. subsidiary.

The total 10,000,000-ton expansion approved by SPAB will require 1,500,000 tons of steel in itself. Mr. Hauck suggested that it be accumulated by 1.3% of steel capacity each year for two years. That this must be taken out of the hide of the non-defense consumer was made plain by his statement that "steel available for civilian uses must be correspondingly reduced."

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Defrilling, but How?

Nelson says, "Simplify."
OPA says, "Standardize." From these opposing viewpoints will come a program for industry.

"In our present condition, frills and trimming are waste. We are going to give them up. . . . I am referring to the simplification of lines and styles of goods which are produced for retail trade. Notice I said 'simplification,' not 'standardization'. There is a world of difference."

Thus Donald M. Nelson, director of the Supply Priorities and Allocations Board, told the National Retail Dry Goods Association's recent defense conference what manufacturers and retailers had long expected—that a "reducing agent" was going to be coupled with priorities to make war-required materials last even longer.

• **A Difference to Compose**—What Mr. Nelson didn't tell, though his careful distinction suggests that he had it in mind, was that over at the Office of Price Administration they are saying not "simplification" but "standardization." If the "no frills" campaign gets into high gear within the next three to six months as predicted, it will be because Lessing J. Rosenwald, late of Sears, Roebuck, has been able to compose that difference between Nelson (his ex-employee) and OPA. For the defrilling job will be up to Mr. Rosenwald as head of OPM's Defense Conservation Unit.

The difference arises from the differing functions of OPM and OPA. OPM's concern is to save war materials. This can presumably be done by cutting down the "numbers" in a manufacturer's line which a distributor must carry on inventory, and by cutting the

"frills"—notably the metallic ones—off each "number." OPA is concerned with prices and with what a consumer gets for his money. It voices the idea that any economizing on the materials that go into consumer goods should be done with the aid of price and quality yardsticks.

• **What OPA Wants**—What Mr. Nelson wants might be done by manufacturers and OPM officials sitting around a table. However, OPA—specifically its Consumer Division headed by Harriet Elliott and a subsidiary Standards Section in charge of Dr. Robert A. Brady—suspects that, done that way, it might all be done by defrilling without commensurate price cuts, by eliminating chiefly cheaper lines, by cutting into the hidden vital parts of complex products instead of the surface eye-catchers and sales-pullers. So OPA is pulling for true "standardization"—that is, simplification coupled with performance and construction standards based on specifications known to the consumer.

This doesn't mean making one manufacturer's refrigerator look and operate

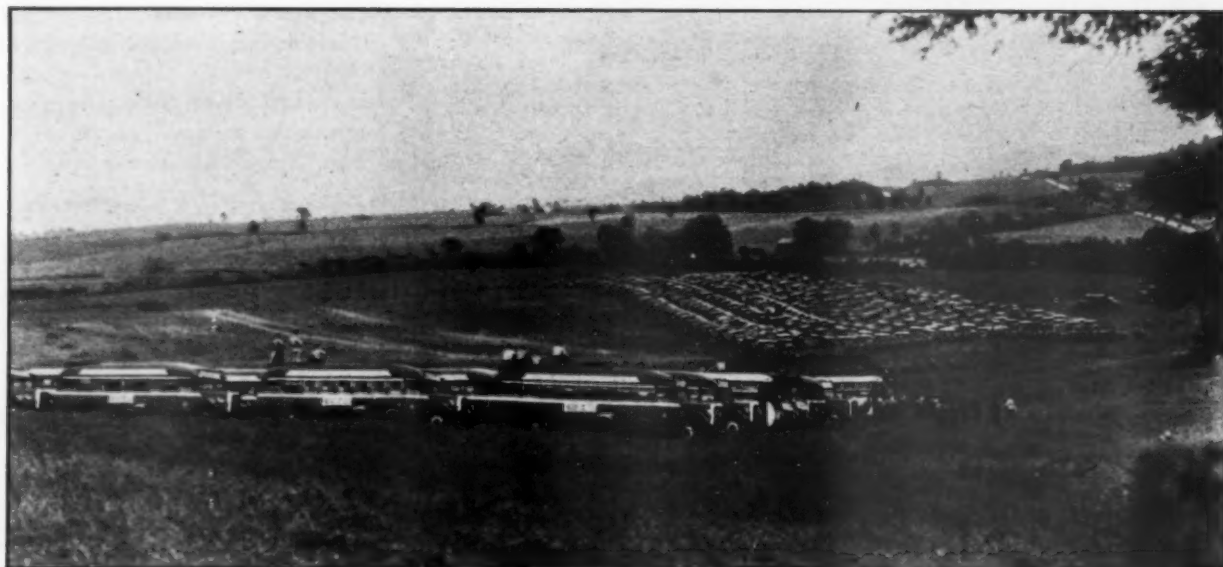
exactly like another's, but it does mean building both refrigerators to certain specified standards, covering insulation and cooling systems, to assure the performance of a specified refrigerating job.

Whether it means that the OPA people are using the emergency demand for defrilling as a golden opportunity to satisfy an old ambition of consumer-movement leaders—the establishment of grade labels and consumer standards throughout the retail market—is one of the questions that Mr. Rosenwald will have to take into consideration.

• **Some Preliminaries**—Meanwhile, the defrilling program has gone through some significant preliminaries. Several manufacturer groups have voluntarily undertaken simplification programs on an industry-wide basis (notably in corsets and in some sections of men's wear). OPM's first move came on Sept. 11 when it held a conference with firms interested in lamp and signal equipment for vehicles. Here it was decided to allocate to the industry only materials essential for most-needed equipment, to eliminate the following: fender

BUSES JOIN THE ARMY

The Army tried out a new transportation system when the 28th Division moved from Indiantown Gap, Pa., to Lilesville, N. C.; 70 commercial trucks and trailers were hired to carry equipment, 67 commercial buses to carry 2,500 of the soldiers. Performances of all the commercial vehicles were compared with those of the Army trucks in the 530-mi. trip. (Below, caravan camps for the night at Point of Rocks, Md.) If officials are satisfied with results, commercial vehicles may be called in for all Army traveling.





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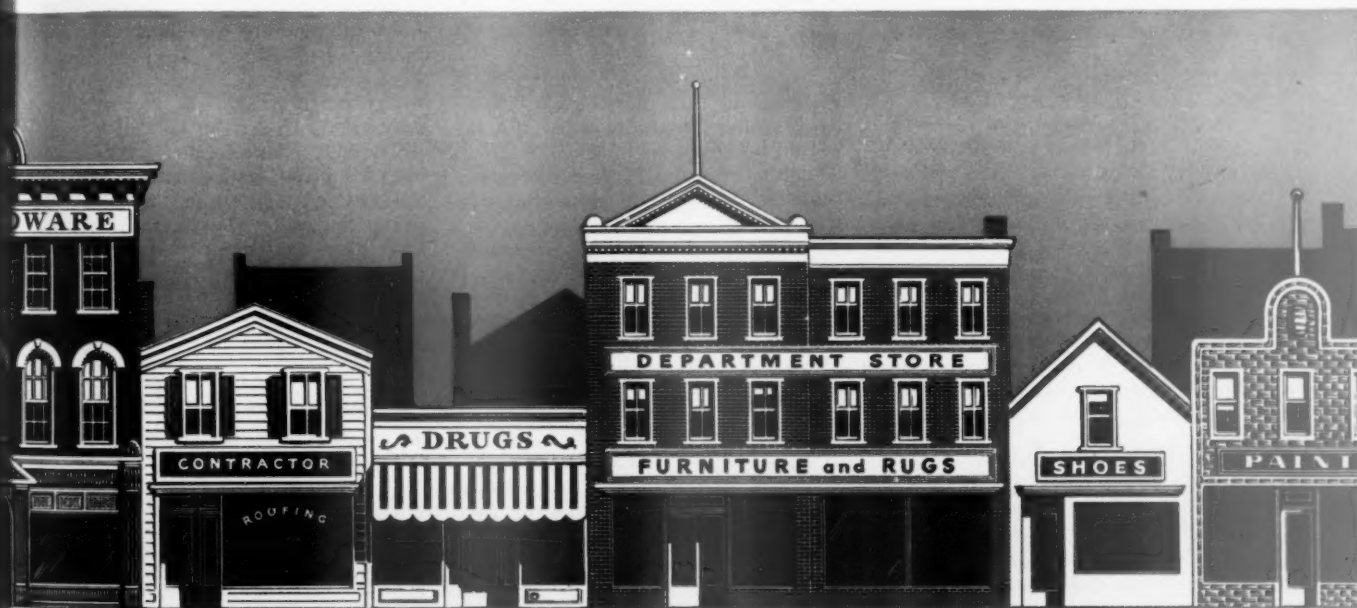
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IN THE ARMY NOW

Latest plane to be accepted by the Army Air Corps is a 20-ton Curtiss-Wright ("America's largest twin-engined airliner"), originally designed for the commercial airlines to carry 36 passengers, a crew of five and 5,000 lb. of baggage. Now that it's been con-

verted into a cargo and troop transport for the Army, the plane has a modern navigation department instead of a food galley, additional fuel tanks. It is powered by two 1,700-hp. Wright Cyclone engines. Curtiss-Wright is going to start producing "a large number" of the planes in its Buffalo and St. Louis plants.

guides, exhaust deflectors, ornamental radiator emblems, ornamental gearshift balls, license plate rims and enclosures, and all novelty attachments.

OPM further urged that "items manufactured during the emergency should conform to nationally-recognized standard minimum specifications," a provision to which the OPA standards advocates point with some glee as evidence that not even a simple defrilling program can be undertaken without some regard for standards.

• **Steps Taken by OPA**—OPA has also been taking some swings at the job. It has asked the American Standards Association to work on standards for refrigerators, washing machines, irons, and textiles (denim, broadcloth, percale sheets). These standards are to prescribe a limited number of sizes, a standard method of rating, a method of comparing effectiveness, maximum performance standards, minimum construction standards—which will give you an idea of what OPA is after. In addition, the agency has set up three special panels: a Standards Panel, composed of experts on technique; a Governmental and Institutional Purchasing Agents' Panel; a panel on Consumer Goods Distribution and Use.

It is significant that OPA is counting on and getting the cooperation of the

mail-order houses and the chains, which are the groups primarily interested in standardized mass distribution. Sears, Roebuck has voluntarily given OPA the private specifications by which it makes or buys certain durable-goods lines as a guide for determining future government-advised specifications.

• **Problems**—Any defrilling campaign, whether it's "simplification" or "standardization," will face a lot of practical problems. For instance, what about the level and extent of industry to be defrilled? Should an auto be defrilled by regulating its parts—lamps, tires, upholstery, paint—or should it be defrilled as a finished auto?

What about federal conflicts with existing codes? In the automotive field, for instance, regional regulations vary so widely that federal recommendations might violate literally hundreds of state and local codes. OPM's lamp and signal conference merely suggested that "the states should be requested to follow the Uniform Vehicle Code as to kind and number of items required." And how about the power of enforcement, if the "no frills" rules get tough and evasions become wholesale?

• **After-Effects**—If defrilling or simplification or even standardization were guaranteed to last only for the duration of the war, some of the practical questions

and policy problems wouldn't bulk so large in business minds. But the suggestion of after-effects, particularly in the OPA ideas, stirs up doubts. While it's conceded that the elimination of slow-moving lines, complicating variants in style, and overdoses of decoration might be a war benefit, manufacturers believe that this could be accomplished by a voluntary program of "no frills" with, at most, only a slight measure of government guidance.

The big worry keeps boiling down to the consumer—or, more specifically, to his professional advocate. How long will his voice keep echoing after the emergency is over?

San Jose Plan

Production pool differs from its predecessors in that prime contract is obtained by group instead of individual.

This week the San Jose Manufacturers Association in San Jose, Calif., was ready to cut a \$2,000,000 melon and split up among its 35 members, all of them small industrial plant operators, an Army order for the manufacture and assembly of carriages for 105-mm. howitzers.

The production pool which the San Jose manufacturers have set up differs from the York plan and the so-called "mother hen" plan in that the contract is assigned not to an individual but to the entire group acting as a cooperative association. Under the York plan in all its various manifestations (BW—Sep. 6 '41, p17), cooperating manufacturers select one of their number to act as the prime contractor. Under the "mother hen" plan, one large manufacturer acts consistently as the prime contractor and distributes pieces of the award to subcontractors in his group. Heretofore, the military, preferring centralized responsibility, has been reluctant to deal with prime contractors on a group basis as is now being done in San Jose.

• **Publicity Campaign**—Significantly, the San Jose venture is to be widely publicized as a model method by Bank of America. Opening gun in the bank's effort to encourage formation of similar groups throughout California was the elaborate and skillfully-promoted statewide Conference to Organize California Industrial Plants for Defense Production. This conference was held under the auspices of A. P. Giannini, chairman of the bank, in Sacramento last Monday under chairmanship of Gov. Olson and with Sidney Hillman in attendance.

Via radio, the conference was heard by groups of plant operators assembled in "key" branches of the Bank of America in some 307 California communi-



VISIT an orange grove, and you're likely to see gas being "injected" from cylinders into the irrigation ditches. It's carried by the water to the roots of the trees, to make bigger, sweeter, juicier oranges.

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• • •

Are you quite sure that your plant has the benefit of all that is new in lubrication, as it develops? You will find a Shell man's recommendations entirely practical—and made without obligation.

SHELL INDUSTRIAL LUBRICATION

ties. The San Jose plan was presented as a model method "by which defense contracts and subcontracts may be fanned out to industrial plants of all sizes."

Following the broadcast, the bank's guests in each branch were encouraged to get down to business in a shirt-sleeve session to organize prime-contractor associations or companies. Previously, branch managers had been schooled in the important opportunities afforded under the new Contract Distribution Division of OPM and the methods by which local plants could take advantage of them.

• **San Jose's Setup**—In particular, the branch managers were familiarized with details of the San Jose setup. As described by its president, Harrison B. Judd, in the broadcast from Sacramento, the San Jose association will (1) obtain contracts from the government, (2) survey facilities of association members, (3) obtain formal assents from subcontractor-members, (4) allocate raw materials, (5) inspect the work as it progresses, (6) assemble the final product, (7) handle auditing subject to government supervision, (8) collect and distribute all funds.

The group is incorporated without capital but with an authorization of 100,000 shares which will be distributed "without financial consideration" to participating firms in proportion to the amount of work they do on contracts. For instance, if a subcontractor takes on a \$10,000 job, he'll be assigned 100 shares.

• **Must Participate**—For a subcontractor to retain stock he must continue to participate in any subsequent contracts the association gets. If he doesn't, he turns in his stock to the treasury, retaining an interest in a working capital revolving fund built up from part of the profits earned during the period of his active membership.

The association's first contract from the government will be on a cost-plus-10% basis, with an escalator clause providing protection should material and labor costs increase.

Here's how the work will be allotted to subcontractor-members: The association surveys the plants and decides which machines can be used, establishes an hourly rate for their use, and specifies a minimum output per machine per hour. Those who turn out more than the minimum will earn a premium. Rates are computed to yield ordinary operating costs, depreciation, and a reasonable profit.

• **Will Watch Progress**—Inspection of the work as it progresses will be made by the association at each of the subcontracting plants. Also, government inspectors will supervise the final assembling of the order. The contracts will provide for a maximum profit of 10% over costs and will stipulate that after

the association has made 100 of the particular products assigned to it, auditors will examine books to discover whether excessive profits are being made.

As the conclusion of the contract, two-thirds of any profits earned by the association will be distributed in proportion to the amount of work each participant contributed. A portion of this particular division of the profits will be retained by the association as revolving working capital. The remaining one-third of the profits will be dis-

tributed to the association stockholders in proportion to the amount of stock assigned to them.

• **Financing**—In the howitzer contract, Mr. Judd explained, the government will provide an advance of \$150,000 for special machinery and dies and a 30% advance on the value of the contract for working capital, materials, etc. "Our bank," said Mr. Judd, "has assured us that money for tools, materials and operating funds will be available from them if government advances are not quickly forthcoming."



DEFENSE AT THE FAIR

The 90th annual York (Pa.) Inter-State Fair opened last week with a brand-new feature—an exhibit showing what York manufacturers are contributing to defense production. About 35 York companies have booths in the defense exhibit building (above)—which used

to house the school exhibit—and are displaying everything from a 90-mm. anti-aircraft gun to nuts and bolts for airplane engines. The exhibit booth of the York Ice Machinery Corp.—originator of the now-famous "York Plan" (BW—Sep. 6 '41, p17)—features a small refrigerating machine of the type being used by the Army and Navy.



Users' Names Make News



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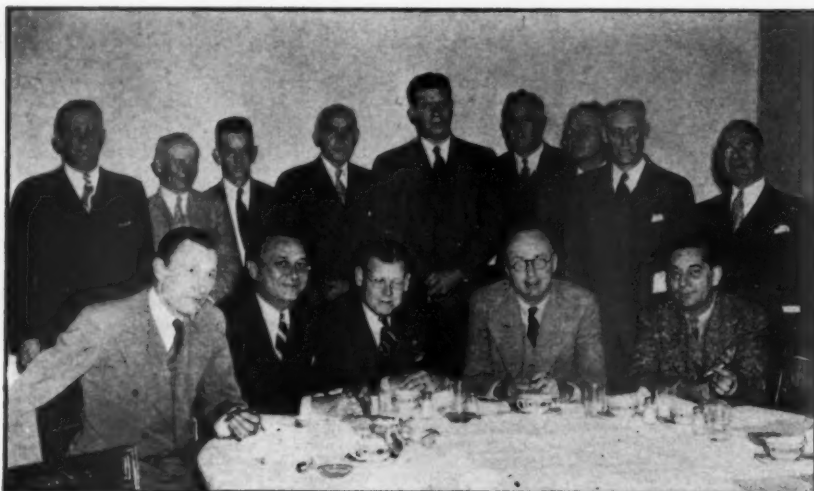
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- Shell Oil Company
- Climax M
- Company



SMALL BUSINESS

Floyd B. Odlum (seated, second from right) is getting his Contract Distribution Division of OPM all geared up to go places on subcontracting (BW—

Oct. 4 '41, p. 7). Part of the gearing-up consisted of establishing a Small Business Advisory Committee, which met with Odlum for the first time last week. Walter W. Finke of Minneapolis, at Odlum's right, heads it up.

Cheerful Packers

Both government policy and present market statistics assure a plentiful supply of livestock for meat industry.

Confidence fairly oozed from the nation's meat packers as they met in Chicago for this week's convention of the American Meat Institute. Though Thurman Arnold needle them with anti-trust indictments and housewives threaten boycotts as retail prices climb, the future looks rosy because the packers know they will have a large run of animals to slaughter in the next few years.

Like defense industries today, but unlike most industries in a peacetime economy, meat-packing always sells everything it produces, is limited in its volume of sales and production only by the supply of raw material available. Therefore, despite the opposing interests of the buyer-seller relationship, packers recognize that their prospects are bound tightly to those of the livestock producer. Every meat animal grown is eaten—at some price. How much meat the packer has for sale—and how much the consumer has for eating—depends directly upon the cash return to the farmers and ranchers.

• **Prices Tell Story**—The basic reason for the packers' current optimism may be set forth in simple statistics. The average price of all hogs at Chicago for the week ending Sept. 13, 1941, was \$11.20 per cwt. This was 60¢ above a year earlier and \$4.75 above a year

earlier. The aggregate of all such gains to the producers is summed up in the following table showing cash income to farmers from sale of their livestock during the first seven months of two years:

Jan.-July 1941	\$1,669,000,000
Jan.-July 1940	1,254,000,000

Extra income 1941	\$415,000,000
Percent increase	33%

• **Compelling Incentive**—The statistics have rarely shown such an increase in so short a time. Farmers thus have a compelling cash incentive to grow all the livestock they can for next year. Moreover, the Department of Agriculture is prodding them to reach production goals averaging 11% more livestock than 1941 estimated totals. D. of A. heads see a golden opportunity to feed the AAA loan corn to Britain by converting it into pork and lard. Just to bulwark any fraidy cat who lacks the urge to proceed under such favorable conditions for livestock production, Secretary Wickard promised farmers last month that Congress would see they are well paid for reaching these goals.

In normal times, the U. S. government buys about 2% of the total meat output to cover its requirements. Things are different now, and for the duration.

• **Federal Buying**—The packers can look forward to much heavier federal buying for military rations and lease-lend shipments. Nobody knows how much more meat a young male adult consumes in uniform than in civilian clothing, but he certainly eats 250% as much as the average U. S. resident (taking in infants and octogenarians)—the figures are 360 lb. and 141 lb. respectively. Thus, as the number of men in military service in-

creases, the demand for meat goes up.

Purchases of meat products for lease-lend are running along merrily, with every prospect of increasing. For example, lease-lend purchases of pork from March through August totalled 263,000,000 lb., or 13% of the pork produced under federal inspection during this period. For lard, the figures were 199,000,000 lb., or 29%. Exports of lard in September were greater than in any month since 1934. D. of A. estimates of exports in 1941 and 1942:

	Average 1936-40	Estimated 1941	Estimated 1942	% of 1942 Supply
	(Millions of lb.)			
Pork	101	390	1,350	12%
Lard	215	400	640	23%
Total	316	790	1,990	14%

• **No Shortage**—Impressive as these figures are, they portend no shortage for domestic consumption. Hogmeat and hogfat are the bulk of lease-lend meat products. The pig crops for the fall of 1941 and the spring of 1942 are big, and hog slaughter is estimated for 1942 as 79,300,000 head, the largest on record.

Industry statisticians say that next year, after meeting all export requirements, there should be just about the same amount of pork available for domestic consumption as this year. Likewise with other meat animals. Current D. of A. forecast for the 1942 slaughter year (which starts, by custom, on Nov. 1, 1941) is 28,000,000 head of cattle and calves, 3,000,000 above 1941; 22,900,000 sheep and lambs, up 500,000.

• **Advertising Program**—Substantiating the packers' optimistic prophecy for domestic supply is the Institute's commitment to continue its year-old advertising program through next year, with a monthly outlay 8% above 1941. The industry's original idea in promoting the use of meat sprang from the shrinkage in per-capita consumption.

The Joe Doakes family ate 162 lb. of meat per person in 1908, by 1936 was eating only 131 lb. Packers and livestock growers recognized that with a falling U. S. birthrate, their annual tonnage might backslide unless they took steps.

Next year's advertising program will harp on two copy themes: "No matter what your pocketbook, you can always get a meat meal," and "Meat is nutritionally economical." The basis of the pocketbook appeal is the need to stir up a brisker demand for such desirable but unpopular cuts as lamb neck slices and shoulder pork chops, which back up in the retail store and force the dealer to boost prices of steaks and roasts to achieve his average mark-up.

Behind the second copy idea is the contention, supported by many professional nutritionists and by whatever laboratory findings the copywriters can unearth, that the sensible, thrifty place to buy many of the vitamins commonly lacking in everyday diets is over the butchershop counter.

DAMN THE DELAYS

***AMERICA
WANTS RESULTS!***

**SHIP BY
TRUCK**

Whatever You Make . .
Whatever You Use . .
It Gets There **FASTER**
By Motor Freight . .



**No Transportation System in the World
Feeds Production Lines with Such Speed—Such Precision!**

ONLY fast, precise team-work will put America in fighting trim in a hurry.

Take a simple thing like a time-fuse. Material and parts to make it come from fifteen widely-scattered plants all over the U. S. A. And a fuse is only one part of a shell.

Load the production line with fuses . . . when it's starving for firing pins . . . and you come face-to-face with confusion . . . expense . . . delays.

Yet how can you make sure each part hits your assembly line — on time — in the right quantity?

NO MORE BOTTLE-NECKS

Modern business has found truck freight does it . . . because trucks work exactly like a giant nationwide conveyor system.

Shipments arrive in a stream—not by the car

load . . . a stream that you can turn on full blast—quick—or reduce to a trickle.

Truck freight won't jam your platforms. It fits *your* schedule . . . fits *your* plant facilities.

FAST AS MAIL

Truck-freight often comes faster than the U. S. Mail! Days and weeks in transit—reduced to hours! What you want—delivered when you want it.

So — if bottle-necks are driving you crazy — look first to your methods of shipment.

More often than not you can lick delays before they happen by specifying — "SHIP BY TRUCK!"

CARRYING TODAY



AMERICAN TRUCKING ASSOCIATIONS
WASHINGTON, D. C.



★ ★ ★ ★ ★
Plant facilities covering over half a million feet of space produce the famous line of Federal Trucks.

FEDERAL TRUCKS CIRCLE THE GLOBE—ON A PASSPORT OF 31 YEARS OF DEPENDABILITY

STABILITY through sound growth built Federal's ample factory facilities . . . today provides the capacity to keep pace with the ever mounting needs of both Industry and Defense.

Since 1910 Federal has manufactured motor trucks exclusively . . . has built into its products the specifications demanded by every conceivable road and load condition . . . now provides in very essence those factors of lower operating upkeep, longer life, and greater stamina.

Federal Trucks are available in the widest range of models and types—from light to highest tonnage capacities—in conventional, cab-over-engine and also in special designs for unusual transport needs. They are working in every field of transportation throughout the world—serving the largest corporations, the smallest companies, big fleet owners, individual farmers with equal distinction, unsurpassed economy—will do the same for you.

FEDERAL MOTOR TRUCK CO.
DETROIT MICHIGAN



For light or heavy duty needs, Federal builds trucks to fit your specific job.



Federal's proved dependability is responsible for its world wide acceptance.



The extra features built into Federal Trucks serve to match every load and road demand.



Special work requires trucks built to special specifications and Federal supplies such units to order.



Federal C. O. E. Trucks afford a shorter wheelbase—require less garage space—provide a smaller turning radius.



SINCE 1910

KNOWN IN EVERY COUNTRY SOLD ON EVERY CONTINENT

QUALITY TRUCKS AT PRODUCTION PRICES

100-Octane, Quick

Aviation gasoline capacity held inadequate after all, and so rush for new plants is on, with Texas sitting pretty.

One by one the original estimates of U. S. defense officials have been blasted to smithereens by Hitler's guns. Among the last of the statistical casualties were those having to do with aviation gasoline, the 100-octane stuff that keeps Britain's Spitfires and our own war planes in the air. In the place of "We've got enough high-octane capacity," there now comes the cry, "We must have three times as much aviation gasoline."

● **New Demands**—The situation was revealed by stormy-petrel Harold Ickes, who is Secretary of the Interior, petroleum coordinator (and the pet peeve of the oil industry). Mr. Ickes told newspapermen, "There is a decided shortage (of aviation gasoline)—if one is permitted to look ahead." He explained that the new demands created by Russia's entrance into the war, plus British and American needs, would far over-reach present production capacity.

The answer: expansion of plants to raise the current production of 40,000 bbl. daily, to 120,000 bbl. daily. While plans still are in the making, Mr. Ickes figured that 50 new plants costing a total of \$150,000,000 would have to be built to meet future requirements. It is thought that the new units could be ready in about eight months.

● **Jesse Jones Ready**—Under a tentative program, Federal Loan Administrator Jesse Jones has agreed to finance the expansion via the familiar Defense Plant Corp. Oil companies which build their own plants will be protected by the government against postwar loss. After refining details are worked out, plans for a 100-octane stockpile will be perfected, with due consideration to bomb-proof storage underground. One thing which jarred officials out of their complacency was the fact that the Navy had asked for bids on 600,000 bbl. of aviation fuel and got no reply.

Industry committees are studying means to meet Mr. Ickes' figures in the shortest possible time. Much of the gasoline will be made from refinery and natural gasoline recycling (i.e., redistilled) products. Hence the logical location of the 100-octane units would be near plants producing the essentials. Regions prominently mentioned are East Texas, the Gulf Coast of Texas and Louisiana. The Corpus Christi region (already bountifully refreshed by defense outpourings) is definitely in the running.

● **Ethyl Lead**—A spokesman for the

Ethyl Gasoline Corp. asserts that there will be plenty of ethyl lead to step up the trebled output of aviation gas to the required octane count.

SYNTHETIC RUBBER MILL

Louisville, Ky., has been awarded a new defense plant as part of the plan for expanding production of synthetic rubber. Signing of the contract between the Defense Plant Corp. (RFC dummy) and the Hycar (hydrocarbon) Chemical Co. calls for a \$2,750,000 outlay.

Hycar is jointly owned by B. F. Goodrich and Phillips Petroleum. It is already enlarging its Akron, O., synthetic rubber plant for an annual production of 7,000 long tons. The new Louisville plant will have an output of 10,000 long tons.

Hycar's Akron factory is one of three located in the rubber capital under the original setup (BW—May 24 '41, p. 28). Others there belong to Goodyear and Firestone, while U. S. Rubber was awarded operation of a plant in Naugatuck, Conn. The four were to cost around \$1,250,000 each, were to have initial capacity of 2,500 tons a year but with provision for an increase to 10,000 tons. Together with du Pont's production, they were to raise the potential output of the U. S. to 65,000 tons.

Announcement of the Louisville plant and increase in Hycar's Akron capacity suggests that here again, defense officials set their sights too low. Apparently production of synthetic rubber from domestic butadiene (a petroleum derivative) is to be raised to a point considerably nearer the 650,000 tons of East Indian crude which the country must import annually past the guns of the Japanese fleet.

PIPELINE APPEAL

In addition to cutting deliveries of petroleum products on the Eastern Seaboard by 10% (of May-June-July averages), the Oct. 1 order of Donald Nelson, executive director of the Supply Priorities and Allocations Board, carried another barbed clause. It prohibited oil companies from shipping products out of the threatened East Coast area.

Last week Sun Oil Co., availing itself of a provision of the ruling, appealed to Petroleum Coordinator Harold Ickes. The company supplies markets to the westward by pumping gasoline through its pipeline from Marcus Hook, Pa., to Cleveland. The latter is in forbidden territory. A complicating factor in the case is a demand from Mr. Ickes, in line with his general pipeline policy, that Sun reverse the flow of its line to bring supplies into the coastal region. Sun denies any collision with the government as to the direction of its pumpings, asserts that the flow will be reversed as soon as necessary adjustments can be made.



Fine Woman - Jim's Widow

but do you want her as a partner?

SHE'S a competent wife and mother — with all the social graces. But she's had no business experience!

Would you want her as a partner, if her busy, absent-minded husband stepped in front of a truck tomorrow? Would you want to see her sitting at Jim's old desk — brave, but bewildered — or casting a deciding vote on a question of policy?

Death can play hob with partnerships — by tying up working capital — by bringing heirs into the business or leading to costly lawsuits.

New England Mutual has developed a flexible, efficient "Business

Stabilization Plan" to cover just such contingencies. It applies equally to partnerships or to closely held corporations, whose key executives carry heavy responsibilities.

A simple but comprehensive chart has been prepared which will readily enable you to visualize the advantages of this plan. Call in a New England Mutual *Advanced Underwriter* who will explain its operation in detail . . . or send to Boston for the chart. Please address George L. Hunt, Vice President, indicating whether your firm is a partnership or corporation.

New England Mutual Life Insurance Company of Boston

George Willard Smith, President

Agencies in Principal Cities Coast to Coast

THE FIRST MUTUAL LIFE INSURANCE COMPANY CHARTERED IN AMERICA — 1855

Defense Business Checklist

• **Lead**—All supplies of lead, both domestic and imported metal, have been placed under full priority control by OPM's Priorities Division. The new control, provided by General Preference Order M-38, covers these points: (1) Refiners and dealers in lead must file with the Director of Priorities not later than the 20th day of each month a schedule of proposed shipments for the following month. (2) After Oct. 1, when specified, each refiner must set aside from his production in a special pool a quantity of lead to be fixed from time to time. The lead in this special pool will be allocated directly by the Director of Priorities to meet emergency situations. (3) In shipping the balance of his production not covered by the pool, each refiner must give preference to defense orders as required by Priorities Regulation No. 1. (4) All lead released by the Metals Reserve Co. will be allocated by the Director of Priorities.

• **Merchant Steel Products**—A plan, that will help small distributors of certain merchant steel products, including those jobbers and hardware dealers who are warehousemen within the terms of Supplementary Order M-21-b, has been announced by the Iron and Steel Section of the Priorities Division. The plan will govern shipments of specified merchant products to steel warehouses during the months of October, November, and December. The specified products, which will be eligible for A-9 ratings, and the percentages of corresponding 1940 shipments allowed during the three months are: (1) hot rolled concrete reinforcing bars (unfabricated)—80%; (2) pipes and tubes (all kinds except mechanical and pressure tubing)—80%; (3) wire and wire products (includes wire, woven wire fence, barbed wire, nails and staples, bale ties, fence posts, and gates)—70%.

• **Price Ceiling**—Price Administrator Leon Henderson announced that all iron and steel products sold through jobbers, dealers, and distributors would be brought under a price ceiling in the near future to halt profiteering by certain members of the trade. The new schedule will cover sales of "seconds" and "rejects" as well as "prime" goods.

• **Methanol**—Under OPA Price Schedule No. 34, methanol (page 56) made from wood, commonly known as wood alcohol, is brought under a uniform price ceiling of 60¢ a gallon delivered east of the Mississippi, 63¢ a gallon west of the Mississippi. This is the fourth price schedule issued by OPA in the chemical field, the others covering formaldehyde, a derivative of methanol; ethyl alcohol, and acetic acid. The Price Administrator announced that maximum prices would be imposed on other industrial chemicals in the near future.

• **Carded Cotton Yarns**—Ceiling prices directly keyed to the market price of

"spot" raw cotton have been established for the full range of ordinary commercial carded cotton yarns, base material for all of the more common grades of cotton fabrics, by OPA Price Schedule No. 33. This is the first formal ceiling in the cotton goods field that incorporates OPA's recently announced formula for automatic adjustments in maximum prices of yarn and grey goods whenever the market price of raw cotton declines or advances by a specified number of points. The formula is also being worked out for application to combed cotton yarn and the types of cotton grey goods now covered by price ceilings, as well as for the numerous other constructions of cotton cloth to be added shortly to the grey goods schedule.

• **Priorities Offices**—Eleven new field offices have been opened by OPM's Priorities Division, bringing the total to 27. These offices, headed by district managers familiar with local industries, are to help business conform to the priorities system. New offices and managers are: Indianapolis, Circle Tower Bldg., Albert O. Evans; Minneapolis, Rand Tower Bldg., Willard F. Kiesner; Portland, Ore., Bedell Bldg., J. Fred Bergesch; Salt Lake City, Utah Oil Bldg., Ralph E. Bristol; Houston, Tex., Federal Reserve Bank Bldg., George L. Noble, Jr.; Buffalo, N. Y., T Bank Bldg., Paul R. Smith; Jacksonville, Fla., Hildebrandt Bldg., George H. Andrews; Charlotte, N. C., Liberty Life Bldg., J. E. MacDougall; Baltimore, Baltimore Trust Bldg., Theodore M. Chandlee; Richmond, Va., Federal Reserve Bank Bldg., Fred P. Wilmer; San Antonio, Tex., 415 W. French Place, Carl L. Pool.

• **P. S.**—Voluntary stabilization of furniture upholstery fabric prices until Nov. 10, at levels prevailing on Sept. 10, has been announced by the Price Administrator. Manufacturers may, however, at any time prior to Nov. 10, request price increases up to 5% of the Sept. 10 levels. . . . Following a meeting of the Engineer Advisory Committee, Floyd B. Odum, Director of the Contract Distribution of OPM, announced that a "flying squadron" of 50 engineers to determine whether industries threatened with priorities unemployment can be converted to defense production will be established immediately. This staff will supplement forces that are already maintained by the OPM division. . . . Present maximum prices of aluminum scrap and secondary aluminum ingot will be reduced as of Nov. 1 to reflect the reduction from 17¢ to 15¢ a pound in the price of primary aluminum on Oct. 1. . . . Four of the new field offices being opened by OPM's Contract Distribution Division are ready for business. Offices and their addresses are: Columbus, Ohio—305 Spahr Bldg., 50 East Board St.; Indianapolis, Ind.—Circle Tower; Hartford, Conn.—Phoenix Bank Bldg., 805 Main St.; Providence, R. I.—Industrial Trust Bldg., Westminster St.

Kearny Anomaly

Admiral tells why he is not running "a Navy Yard," but nonetheless Federal Shipbuilding's status is something new.

If there has never been a twilight zone before between private and government ownership, the celebrated Kearny case is creating one. When the Navy "took over" the Federal Shipbuilding and Dry Dock Co.'s New Jersey plant after the company refused to accept a National Defense Mediation Board recommendation that a C.I.O. union be given a "maintenance of membership" agreement (BW—Aug. 30'41, p15), it looked as though a new government Navy Yard had been established. But little by little, facts are coming to light which suggest that the new Kearny defies ready classification, is indeed something new under the sun even though no legal question over title in the property has been raised under the "due process" clause of the Constitution.

• **From the Admiral**—Last week Admiral Bowen, the man who took over the helm at Kearny from the hands of Federal's president, Korndorff, answered some questions for the first time since he drove up to the executive office of the yard in a station wagon on Aug. 24. A product of Navy discipline, Bowen is not given to dramatics. Yet what he had to say about Kearny pieced together as a description of an economic mutation which, were it a phenomenon in the physical sciences, would be hailed in the laboratories with much to-do.

According to Bowen, and he's the man who runs the show, Kearny is not a Navy Yard because: (1) the 370 new employees who were hired under the new régime were given no civil service tests, have no civil service standing. (2) Social Security taxes are being paid for all of the yard's 17,072 workers. (3) Scores of purchasing contracts with vendors of all types are in effect and new ones are being made all the time; none of them are made under government regulations nor are they made in the name of the government but rather in the name of the "Federal Shipbuilding Corp.—operated by the Navy Department." (4) Insurance, like purchasing, is maintained on a private, nongovernment enterprise basis. (5) An employee of the yard, who is a union representative, may absent himself from his job to conduct union business and be met by supervisors, personnel men, and members of Bowen's staff as a recognized C.I.O. spokesman.

• **No Corporation Voice**—On the other hand, the displaced corporation has no voice in Kearny's management, its stockholders get no profits, its executives no salary, and its elected officers exercise



The government-operated Federal Shipbuilding Co. may be a complicated business, but the boss, Admiral Harold Bowen, says his job is simply to build ships.

neither control nor discretion over the corporation's income. All income from the plant is sequestered into an accumulating, untapped fund deposited with the Treasury, as a bank, under the name of the Federal Shipbuilding and Dry Dock Corp.

All disbursements for running expenses, including payment to the local baker for rolls delivered to the lunch room, payment of wages, and payment for steel plates from United States Steel rolling mills is made with money from the general fund of the United States Treasury. Even social security taxes are paid by a government check made out to the government.

• **Intent on Shipbuilding**—The legal complications of this unprecedented formula do not concern the Admiral. His job is to build ships. And the one thing he is absolutely sure of is that the formula doesn't interfere with that objective. He has eight destroyers, one light cruiser, three tankers, and two Maritime Commission cargo ships on the ways and he testifies that production has been speeded since the Navy stepped in. He takes no credit for being responsible, saying that the settlement of long standing grievances which were the subject of continuous wrangling before the strike is probably the most important reason why employee morale and output have improved.

Admiral Bowen settled these grievances by putting into effect the recommendations of the National Defense Mediation Board. Most of them had to do with wage reclassification and to date 1,650 men have been reclassified and have received an average hourly wage in-

crease of 12.4¢. Although reluctant to predict on schedules, the Admiral is confident that by Jan. 1, at the present level of output, Kearny will have made up the 19 days lost during the August strike.

• **Peaceful Relations**—Labor relations at the big yard are peaceful. Most grievances are being settled as they arise, and on the department level.

According to Secretary of Navy Knox's statement (BW—Sep. 27'41, p. 66), Kearny is operating on the "maintenance of membership" principle as recommended by NDMB. Such a formula provides that any employee who joined the union, or who joins in the future, must remain a member in good standing or lose his job. It was the C.I.O.'s insistence on this and the company's refusal which led to the Navy take-over. Normally, under such an arrangement, the union concerned would submit to its employer a list of the names of union members and the understanding would be that when any man whose name appeared on that list did not keep up his dues, the company would be notified and would proceed to lay him off. But that hasn't happened at Kearny.

• **Never Presented**—C.I.O.'s Industrial Union of Marine and Shipbuilding Workers has given no such list to Kearny's new management. The question of a worker delinquent in his dues has never been presented to Bowen or his associates. The union has either encountered no difficulties in dues collections or is content not to raise the issue. If such a question should arise, Bowen says he will refer it to NDMB. But in the meantime, as predicted (BW—Aug. 30'41, p. 15), the "m. of m." issue, for

all practical purposes, has disappeared.

When it is suggested to Bowen that the anomaly which Kearny now presents must, of necessity, be a temporary arrangement, he wants to know why. "We're building ships," he says, "and we'll just go right on building them. When Federal's contract for material from United States Steel (Federal's parent company) runs out, we'll go into the market like anybody else and get our stuff." When asked, "Will you go into the market and bid on jobs after you've whittled down your \$450,000,000 backlog of orders?" he answers, "What's going to stop me? I'm a Navy man—the only way I know how to do a job is to go ahead with it as if I were going to be doing it forever. Unless I'm told otherwise, I'll go out and get all the business I can and turn out the orders as fast and as well as I know how."

• **How about Washington?**—The "unless I'm told otherwise" means the Secretary of Navy's office in Washington. It's there, and in the White House, that the ultimate decision on the anomalous Kearny will be made—unless there are post-war judicial proceedings. But no one has come forth to challenge the persistent rumor that Washington would be very happy if United States Steel would agree to accept "m. of m." for its Kearny plant and thus clear up the anomaly. U. S. Steel, however, with an eye on labor relations in its other subsidiaries, doesn't want its plant back on those terms.

CALIFORNIA RECORD

Obviously higher because of expanding defense industries, notably aircraft, non-agricultural employment in California went above the 2,000,000 mark last month for the first time in the history of the state. August statistics showed 2,060,000 persons employed in non-agricultural establishments—an increase of 256,000 over August, 1940.

Officials of the state's Division of Labor Statistics and Law Enforcement pointed out, however, that because canning reaches a peak in the fall, total employment can be expected to decline soon. They also warned that disemployment resulting from difficulties in securing raw materials may make the decline greater than would ordinarily be expected.

PLASTIC TAX TOKENS

Colorado's sales-tax token problem (BW—Aug. 9'41, p. 29) will be solved with plastic, replacing aluminum needed for defense. Diameter of the new tokens will be approximately that of a dime, but they will be thicker. Moreover, they will be bright red—to make them easier to see and also because Revenue Director Farrington R. Carpenter, a Hereford breeder, is partial to the color.

FOR AMERICA'S

TO THE QUESTION from John Q. Public, "Can we meet the foreign challenge of new war machines?", American industry answers, "Yes, we can, aided by new basic materials."

Part of the answer is pictured on these pages. Here you see only a few of the defense uses of a new basic material, *Fiberglas*, one of the important basic materials American inventive genius has created.

To the query, "What *is* Fiberglas?", its makers have a fascinating story in reply. For here is glass . . . pure glass. But glass with this startling difference: Instead of coming in transparent sheets, it comes in



Flying Fortresses

↑ This bombing plane exists to do one crucial job—to get on its objective. Aiding such planes, and all other kinds of flying warbirds, is new basic material, *Fiberglas*. Plane makers select it for superior qualities as thermal, electrical, and sound insulation. Recognize its lightness, fire-safety, moisture resistance.

↓ Again, new basic material, *Fiberglas*, aids these Navy patrol torpedo boats; craft built for in-and-out attacks on flanks of hostile warships. Concerning specific uses of *Fiberglas* in this strikingly new defense weapon, authorities counsel silence in interests of military secrecy.

Mosquito Boats



For soldiers' camp diet . . . vitamin-rich bananas. Shipping of fruit requires carefully controlled refrigeration. Many fruit-transport ships use *Fiberglas* insulation in refrigerated cargo spaces. Get high efficiency, fire-safety, resistance to vibration.

New war tactics require planes to fly at high, sub-zero altitude where, were it not for lightweight, fire-safe insulation like *Fiberglas* on oil tanks, the fuel and lubricants would become unusable from the cold.



NEW WAR MACHINES: A NEW BASIC MATERIAL

the form of wool, or in the form of yarn, the fibers of which are very much finer than human hair.

And you can bend it . . . twist it . . . weave it. It resists everything from boiled egg stains to nitric acid. Water won't harm it. It helps keep out heat . . . cold. It resists electricity. Indeed, it makes such a practical and efficient thermal or electrical insulation that industry is demanding Fiberglas in large and rapidly increasing quantities.

As electrical insulation. It helps increase motor power and generator output without increasing size, a highly valuable virtue in battleships, airplanes, or commercial in-

dustry. It steps up capacity and dependability of most other electrical products, wherever they are used . . .

As thermal insulation. It is light in weight, absolutely fire-safe, responds quickly to temperature changes, is super-efficient as an insulator against heat or cold. In the hull of a destroyer. In the walls of a house. Or, wrapped around the steam or brine pipes of any type of industry.

In fact, there is an ever-growing demand for this new basic material, Fiberglas! For military uses . . . civilian uses . . . a demand which the production of Fiberglas is being geared to meet.

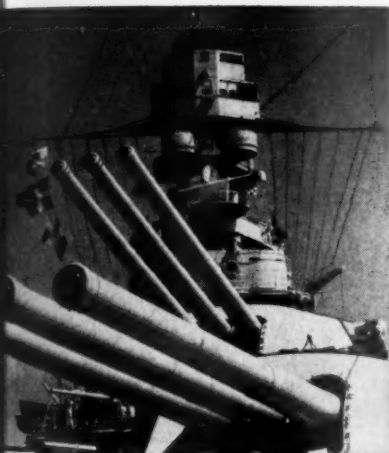
And most important—Fiberglas, itself, is made from materials which are available in unlimited quantities right here in continental United States.

Should you investigate Fiberglas? We certainly think so. Write: *Owens-Corning Fiberglas Corporation, Toledo, Ohio. In Canada, Fiberglas Canada, Ltd., Oshawa, Ont.*

OWENS-CORNING

FIBERGLAS

U. S. Pat. Off.



Mobility of fire power is modern watchword. In warships, this is vitally dependent on the unfailing performance of electric motors, generators, wire, and cable. U. S. Navy knows this, uses much Fiberglas electrical insulation to help insure such equipment against failure.



U. S. Navy ammunition ship must keep explosives at controlled temperatures for maximum firepower. Navy uses Fiberglas for non-settling insulation in ammunition storage spaces. Finds that its high efficiency permits very accurate temperature control. Also welcomes its light weight and fire-safety.



Long-range, high-flying bombers depend on radio and host of other delicate instruments all served by insulated wire and cable. Dependable Fiberglas insulation provides required margin of safety against failure.

Submarines when submerged run on storage batteries. A common cause of battery failure is shedding of power-producing material from plates. Navy uses Fiberglas Retainer Mats to help keep material in place and increase battery life.

Quick, faultless starting is needed for combat take-offs in modern air warfare. U. S. Navy adopts Fiberglas electrical insulation to secure more dependable, more powerful starters and generators without increase of weight or size.

Heart of a modern fighting ship is engine and boiler rooms. Here, insulation conserves heat, thereby saves fuel, indirectly increases speed and cruising range of ship. In heart of fighting ship, Fiberglas does job well.



Designers Produce

Women's fashion industry hurdles first barrier imposed by Nazi arms, but problems of war economy lie ahead.

It may be correct to speak of the men's clothing industry, or the children's clothing industry, but the business of covering up a woman transcends any mere matter of so many dresses, hats, and shoes. What is advisedly called the women's fashion industry rises and falls on the drape of a sleeve, the tilt of a hat, the length of a hem. Every season from the welter of thousands of design studios and manufacturing houses—bitterly competitive and, to an outsider's eye, completely disorganized—certain basic fashions emerge to be accepted as the law and the prophets by millions of American women.

In the past few weeks, the fashion industry has come successfully through the most trying period it has ever known. Until June, 1940, the styles worn by American women were almost entirely adaptations of designs which originated in the great Parisian "salons de couture." These designs filtered down through the U. S. fashion scene until an Alix drape, a Vionnet neckline, and a

Mainbocher pocket were clearly identifiable on the humblest \$18-a-week typist.

• **Strictly Home Talent**—Then France was cut off by the Nazi conquest. Last fall, American manufacturers still had the advance designs of the Paris houses to work with. Spring showings traditionally worry through without any radical departures, but this fall the American designers had to produce, or else. There were two "or else's": (1) If they turned out merely copies of last year's models, women would figure on getting by with last year's dresses, and sales would slump. (2) If they departed too radically from the fashion trend of the past few years, women would hesitate to accept the new designs.

• **Finding a Way Out**—Shrewdly, American designers managed to develop certain definite new style trends—softer shoulders, looser sleeves, narrower skirts, usually with hip drapery, often slit—which added zest to women's fall wardrobe shopping without precipitating pandemonium. When these trends were accepted without a murmur by the small coterie of expensively-dressed women who make or break a style, the fashion industry settled back with a sigh of infinite relief.

The relief may not be for long, however. Already there are indications a war economy may cause more disruption in the fashion business than the fall of Paris

ever could. Trade observations include:

- **Fabrics**—Silk, of course, is on the way out, though silk fabrics were used generously in higher-priced fall dresses and are even turning up in the winter resort collections. Fewer sheers are expected next spring and summer because defense is taking the fine-denier rayon yarns of which they are made. Lighter weight woollens are in the offing. There probably will be more use of reprocessed and reused wools.

Natural, tan, and beige tones, which make light demands on bleaches, are getting heavy fashion promotion. Spun rayon is being combined with cotton and wool because of a shortage of formaldehyde and other chemicals used in crush-resistant finishes necessary for unadulterated spun rayon. Increased costs of labor and chemicals are likely to result before long in fewer elaborate, splashy prints.

- **Dresses**—In the short, slim skirts plugged in almost all high-fashion collections, many observers saw an effort to prepare for serious fabric shortages in the not-too-distant future. Witness the promotion of short-legged women's pajamas. The zipper shortage (BW—Sep. 27 '41, p. 44) is not yet really acute, but dress manufacturers already are anticipating that it will call for a style shift.

- **Accessories**—Low-heeled shoes are getting the heaviest promotion they've had in years. Manufacturers and stylists are



MEN AT WORK

Night and day 175 armed guards patrol the 2,000-acre reservation of the new Denver Ordnance Plant, ten miles west of Denver, Colo., which is starting production of .30 caliber ammunition—just about seven months

after construction work got under way. Production will eventually reach 4,000,000 cartridges a day, and about 10,000 people will be employed—4,000 of them women. Owned by the U. S. government, the plant is being operated by the Remington Arms Co. Because of the speed record made by

the contractors—Broderick and Gordon of Denver—in constructing the plant, the firm has been given the contract to build a similar plant at Salt Lake City. The Denver and Salt Lake City small-arms plants remain the only two important defense projects between Omaha and San Francisco.



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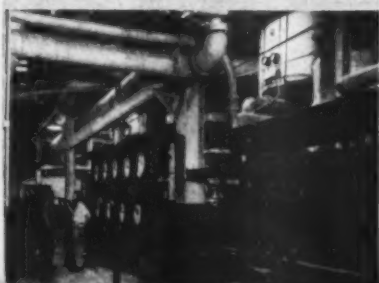
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MEASUREMENT AND CONTROL SYSTEMS

aware that three-inch heels look slightly ridiculous with thick cotton or rayon stockings. As a result of the shortage of rabbit fur for felt, hats are being made of everything under the sun.

While lacking some of the Parisian frills and opulence, this fall's fashions are definitely splashy. Materials are rich and elaborate, draining heavily on dwindling silk stocks. Fur, sequins, feathers, and embroidery are on everything. It's pretty evident, both from the fashions themselves and from the publicity which accompanies them, that the trade is promoting all this glitter with a sort of "before the deluge" fatalism.

The serious note intrudes with increasing frequency. Department store ads urge women to buy "one good suit", the implication being that they may not be able to get another for some time. • **England's Experience** — Ultra-gloomy dopesters who predict civilian uniforms and drastic rationing probably are further off base than anyone, however. England did not work around to rationing until after two years of war (BW—Jun. 7 '41, p. 14). Standardization has never materialized, and British defense officials say that they consider attractive fashions important to civilian morale. Notably, the British editions of Vogue and Harper's Bazaar are still publishing, with government encouragement.

Rationing has brought about purchasing of more expensive clothes in England. Women want good clothes that will last. Under present easy-money conditions, dress manufacturers in the United States have noticed almost no resistance to stepped-up prices. The popular \$2.87½ wholesale price bracket has gone up to \$3.50, and the \$4.75 to \$5.37½-\$5.50, with no difficulty.

Feather Fuss

New York law, newly won by bird lovers, hurls industry into a fashion drive to work off stocks that will be contraband.

Feathers are featured on many of the dizzy compilations being offered by millinery designers for the fall season. Milady (as the fashion writers call the customer) may not know it, but wild-bird plumage is being used on hats along with prosaic rooster tails and pluckings from other domestic fowls. This emphasis on wild bird quills is the direct result of an important treaty in the long and bitter war between bird lovers and the feather industry.

In April, the New York legislature passed a law which prevents the importation of any more wild bird feathers into the state. Since 90% of the feather industry centers in New York, applica-

Business Week • October 11, 1941

tion of the law is of national importance. The legislation also provided that the feather companies inventory all wild bird feather stocks within 30 days and that these inventories be filed with the state conservation department. No additions will be allowed to these stocks but the companies are given until April 18, 1947, to sell off their holdings.

• **And So the Style**—Any wild bird feathers on hand after that date must be surrendered to the state conservation officers for destruction; so the industry is boosting feather styles to make sure no stocks will be left over. Fashion scouts report this to be one of the biggest feather seasons since those glamorous days when Lillian Russell and other bulging beauties sailed majestically down the avenue under ricks and thickets of plumage. Another inducement is the use of feathers to cover up for a shortage of fine hat felt due to stoppage of good-quality rabbit hair imports from Europe.

Passage of the New York law was recommended by the National Audubon Society and Feather Industries of America, Inc. Full credit is given the companies for waiving constitutional rights in their property. As a further proof of good faith, the feather companies gave up inventories of egret, heron, eagle, and bird of paradise plumage which they claimed to have held legally since laws restricting traffic in such feathers were passed in 1910 and 1913. Some \$25,000 worth of these feathers were burned on a vacant lot in the Bronx. Feather Industries also agreed to work with the Audubon Society in strengthening conservation laws generally and to support the passage of laws against the sale of wild bird feathers in all states, using the New York statute as a model.

• **Propaganda Weapon**—The Audubon Society has been working for years to get a really tough law in New York. Increasing use of plumage on hats in recent years convinced society officials that they needed to work fast. They preferred a friendly settlement with the feather industry though they had to hurry things at times by using a deadly propaganda weapon—the emotional appeal to women against wearing hats trimmed with feathers torn from the bodies of beautiful wild birds. The industry dreaded this possibility, realizing that such an attack could turn women against all use of feathers in millinery.

It is said that the new dispensation will not be too hard on the companies, since the feathers of domestic fowl can be altered into almost any shape and color by dyeing and special processing. Perhaps 90% of the feathers now used are from domestic fowl. The New York law specifies the 10 domestic species from which plumage may be taken: chickens, domestic varieties of turkeys,

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The modern Bell production line follows America's principle of mass production . . . "Let machinery do the work." Note chain-belt conveyor in the floor, also one of 300 convenient outlets for power and compressed air in the foreground.



AUSTIN, TOO, TAKES RESPONSIBILITY—Knowing every advantage to be gained by the concentration of responsibility in the design and construction of ships, Bell selected Austin to design and build its new assembly plant. Just as Bell built the "Airacobra" around a cannon, so Austin designed and built this new Bell plant around the production layout required for the Bell Fighter Plane. The result is a new functional plant at Niagara Falls in which every step in the assembling process is carefully co-ordinated for mass production.

SMOOTH PERFORMANCE—When a pilot steps into an "Airacobra," he knows it will function well, "handle well" and respond instantly to his every action.

When Bell started production in the new plant they found that they had a plant that "handled well," and functioned smoothly, because like their "Cannon on Wings" its layout, design, and facilities were co-ordinated with every step in production.



Bell Aircraft started with a cannon and built a ship around it. Austin started with the production layout required for the "Airacobra" and designed and built a functional plant around it. Plant has four conveyorized production lines with provision for installation of two additional lines all leading to a final assembly area with a 200-ft. clear span. Note functional canopies or fins which serve as awnings above window openings.

WHEN RESULTS COUNT—The Bell project is an example of the results to be secured through the Austin Method of "Undivided Responsibility" under which design, construction and building equipment are handled by *one* organization, under *one* contract which *guarantees in advance*:

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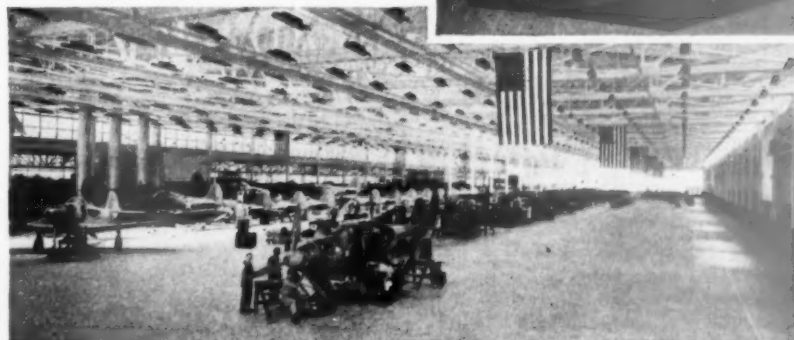
Suggested designs and cost estimates will be furnished promptly. Simply contact the nearest Austin office listed below.

Interior view of new Bell Aircraft Corp. assembly plant at Niagara Falls, N. Y. The keynote of this modern plant is "Built-in Convenience" . . . advantages are: Large unobstructed floor areas, generous headroom, 35-foot candle lighting intensity on the working plane, interlocking overhead conveyors, chain-belt conveyors to provide a moving "line" with power and compressed air outlets in the floor on 15-ft. centers.



Cannon on Wings! The "Airacobra," the only single engine interceptor pursuit airplane in production in the United States that carries an explosive shell firing cannon. Note muzzle of cannon projecting through propeller hub.

Designed for Convenience! At right—One of the major paint spraying stations. Fumes are exhausted through gratings in the floor. "Airacobra" wing sections are shown standing on edge in right background (side aisle) ready to be fed into the main production line.



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Officials of the New York State Conservation Department, the National Audubon Society, and the Feather Industries of America, Inc., held a feather-burning to celebrate passage of the law prohibiting further importation of wild bird feathers into New York State. The industry surrendered

\$25,000 worth of egret, bird of paradise, heron, and eagle feathers when the law went through. Even though the New York law will affect about 90% of the feather industry, Feather Industries and the Audubon Society are now planning to press for adoption of similar laws in other states.



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guinea fowl, geese, ducks, pigeons, ostriches, rhea, pea fowl and English ring-necked pheasants. There is some irritation in the industry over ruling out the feathers from game birds that are shot by hunters.

• **Constant Vigilance**—Audubon officials stress the need for constant vigilance with existing laws and regulations as well as for uniform legislation. For instance, bird lovers are morally certain that some of the stocks of prohibited foreign birds (claimed as on hand before the passage of legal restrictions) have been smuggled in since the laws were passed. Another dodge is making a claim that feathers brought in are not from wild birds but from domestic fowl, as in the case of the South American rhea.

• **Treaty Loophole**—U. S. treaties with the Indians furnish an additional loophole. In the old agreements with the tribes, the government permitted the Indians to take any wild game found on the reservations, a protection of their hunting rights. Eagles have been hunted by the Indians, not only because the feathers are prized for headdresses but because there has been a lively bootleg market for the plumage in New York.

Traffic in both bald and golden eagle feathers has been unlawful in New York for years. (The bald eagle, as the national emblem, came under federal protective laws in June, 1940.) But illegal

buyers pay around \$1 to \$1.50 for tail and wing pinions, perhaps \$50 for an entire skin. These are stories of buyers touring the far west, filling the backs of their cars with eagle skins bought from Indians and trappers at \$5 to \$6 each. It is easy to drive across country with the contraband hidden, and to complete under-cover sales in New York at sizable profits.

• **No Part of It**—Most feather buyers will have no part in this dirty work, realizing the dangers of rousing the feminine wrath. Many remember the campaign against the sale and use of egret plumage, when bird lovers pointed out the brutality of slaughtering the birds for quills that grew only in the mating season, with the consequent threat of extinction to the entire species.

New York's feather industry lives in neighborly proximity to the millinery houses in the West Thirties. Moths are kept at bay not by cold storage but by applications of camphor and paradichlorobenzene crystals, odors of which haunt the corridors and stairways. The industry ranks way down the list in size. The U. S. census of manufacturers (1939) rates the feather-plume-artificial-flower industry as having 314 establishments, 6,650 wage earners, annual wages of \$4,582,000, and a valuation of products of \$18,503,000. Imports of crude feathers for the first five months of this year were 4,260,000 lbs. valued as \$1,406,000.

Victory for Chains

Famous strawberry case, with its huge claim for triple damage, is thrown out of federal court after two years.

Last week, after two years of litigation, the famed \$8,300,000 law suit of "Senator" James H. Morrison and the Farmers Protective Union (strawberry growers) against A. & P., the Atlantic Commission Co., Kroger, Safeway, and Tri-Way Produce finally wound up (BW-May 6 '39, p38). By way of conclusion, Federal Judge Harry J. Lemley threw it out of his Little Rock District Court.

Thoroughly filled with musical-comedy histrionics except for its drab dénouement, the case would mainly have been a colorful oddity had not many an independent grocer seen in it the prelude of a legal uprising against the chains and their integrated retailer-wholesaler operations. Hopes were high that out of the litigation would come conclusive proof that the chains and their wholly-owned commission houses beat down farmers' prices, dominate large sections of the produce market, and loss-leader certain crops so ruth-



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lessly that the farmers' future market at normal prices is ruined for years to come. However, if the independents now want valid proof of these contentions, they'll have to find themselves a new court case. Anti-climactically, Judge Lemley ruled that the U. S.'s biggest three chains combined couldn't account for more than 25% of so limited a crop as Louisiana strawberries (a mere 20,000 acres), and that therefore they obviously couldn't rule prices with an iron hand.

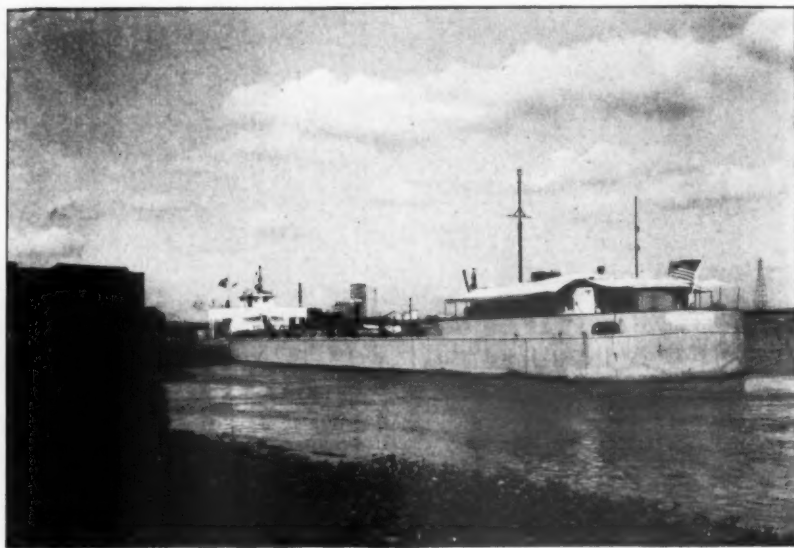
What started the strawberry hullabaloo was the formation, in 1938, of the Farmers Protective Union from among Louisiana's 9,000 strawberry growers. Guiding light of the movement was "Senator" (an honorary title) Jim Morrison. F.P.U. set out to regulate prices, quality, brands, etc., and among other things decided that strawberries should retail for at least 14¢ per pint over destination cost prices. When Kroger and Safeway failed to observe this margin, they were promptly tossed off the Hammond strawberry exchange despite their huffy accusations that the 14¢ rule was nothing but a sop for auction men.

• **Chains Back Rival Group**—So, in retaliation, the chains got behind a Ship-

pers and Growers Union (BW—Mar. 25'39, p.32), which began competing with F.P.U. and by way of supercharger, the chains not only promised market control via their Union but also agreed to finance the farmers (to whom \$600 a year is a lot of cash) when they needed a little extra folding money. Pretty soon the union was eating a hole into F.P.U.

At this point, "Senator" Morrison and F.P.U. let fly with their law suit. Charging that the chains, in failing to observe the 14¢ markup, had violated every antitrust law in the books, F.P.U. computed a triple-damage bill of \$8,300,000.

• **Cold Water**—But the charges couldn't be made to stick. Studying the alleged astronomical damage, Judge Lemley said: "It is plain to us that the plaintiff has failed to allege facts showing that any one of its assignors suffered damages in an amount susceptible of expression in dollars. . . ." As for chain retail prices, the court held, "It does not necessarily follow that even if the defendants had sold strawberries at higher prices, the growers would have received a higher price . . . it is well known that ordinarily consumption increases as the price of a commodity declines."



FASTER OIL BARGES

The Minneapolis Husky, a fast type of river tanker, recently made the port of St. Louis on her maiden run from Destrehan, La., to Minneapolis with a cargo of gasoline. She is something new on the Mississippi. A small edition of the Great Lakes tanker, her own carrying capacity of 800,000 gal. is augmented by a barge capable of holding another 700,000 gal., which the tanker pushes ahead of her. This falls short of cargoes carried by multiple barges and older types of tow-

boats, but there is compensation in the greater speed of the Minneapolis Husky. Her twin diesels drive her at nine miles an hour, a whizzing pace for a towboat. When the upper Mississippi freezes she may be shifted to the Ohio River run where she could do her bit toward relieving the threat to supplies of petroleum products in the Northeastern states. Army engineers report that the 80 barges now building will bring the total of such craft on inland waterways to 562. Their capacity will be 550,000 tons, equal to 161,700,000 gal. of crude oil.

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MARKETING

Those New Taxes

What's what in excises can be explained, but effects of pre-levy buying rush worry retailers and manufacturers.

Early in August, retailers had their first taste of what's meant by a consumer buying orgy—the kind of buying that characterizes an inflationary era. Stoppage of silk imports started a horde of women on a Mongol invasion of stocking and other department-store counters (BW—Aug. 9'41, p24). Then came a lull, followed last week by another buying splurge. Reason: New retail taxes on jewelry, furs, and toilet goods, as well as new and increased manufacturer-paid taxes on such commodities as liquor, radios, and refrigerators became effective Oct. 1 (BW—Sep. 20'41, p18). Just what total sales were generated by the tax threat can only be a matter of conjecture, but the liquor people think that something like 50,000,000 extra dollars found their way into dealers' coffers last month.

• **Viewed with Misgiving**—Now that the spree is over, retailers and manufacturers are prone to view the Christmas-in-September phenomenon with more than a little misgiving. Many of them probably cut into stocks which are hard to replace. Worse yet, if customers stocked up as heavily as is popularly believed, then some kind of doldrums will follow the hurricane. And to top it all off, there's the perplexing nuisance of computing, collecting, and paying the new retail taxes.

To cover the manufacturer-paid taxes, retailers can simply up prices accordingly, but their pricing problem isn't so simple when it comes to the new 10% tax on furs, jewelry, and toiletries which has applied at retail. To aid them, the Treasury Department has issued various clarifying regulations.

• **When Tax Attaches**—The criterion here is the date when title changes hands ("change of title" to be interpreted according to the prevailing laws of each locality). In the case of installment sales, leases, or conditional sales, a proportionate part of the tax attaches on each payment. But on credit sales, the full tax must be in the hands of the collector of internal revenue the month following the sale, whether the retailer actually is paid by the purchaser or not.

• **Basis of the Tax**—Base of the computation is actual retail price, of the fur, jewelry, or toilet item, plus charges (if any) for packaging and conditioning.

Expressly exempt are transportation, delivery, insurance, and installation charges and various taxes. Retail sales are excluded from the base only if separately billed. Federal taxes should be deducted from the base, but income or profits taxes positively cannot be deducted.

• **Trade-ins**—Because a trade-in is part payment for another article, the price of the latter governs the amount of the tax. If the trade-in is later resold—and if it happens to be jewelry, furs, or toiletries—it naturally bears an excise tax since this transaction is now a brand-new one.

• **Consignment Goods**—Consignor is accountable for the taxes if his arrangement with the retailer is such that he dictates prices and terms of sale; failing this, the retailer is responsible for the tax.

• **Labels, Coupons, Scrip, Etc.**—The person who gives a consumer some premium in return for trading-stamps, coupons, etc., amassed by the consumer as the result of buying certain commodities, is considered to have negotiated a retail sale. Hence the giving of a premium involves payment of a tax.

• **Jewelry**—Defined as "real or imitation" jewelry, pearls, precious and semi-precious stones (or imitations), all articles made or adorned with precious metals (or imitations), plus such commonly-accepted jewelry-store items as clocks, watches, flatware, binoculars. In case of doubt, the criterion is this: If an article contains a precious stone or metal as adornment, it's taxable; if, however,

the precious material is an "essential part not used for ornamental purposes," there's no tax.

Exceptions are purses and handbags which (when fitted with precious materials) are always taxable even though the gold or silver may be used in such a utilitarian part as a buckle or clip. Surgical instruments, eyeglass frames, and articles for religious purposes are exempt. But in the case of religious articles, the consumer must supply an affidavit certifying religious use if he wants to escape the tax.

• **Toiletries**—Defined as any article sold for toilet purposes, or used in connection with the bath or care of the body, or applied as perfume. If the article also happens to have some remedial or curative value, that makes no difference—it's still taxable. In other words, sun-tan oils and even ink-stain removers are due for a levy. Shaving creams and prophylactics, however, so far have escaped in preliminary rulings. Less fortunate are shampoo oils and liquid soap. It's moreover believed that articles with 5% or less soap content are taxable.

• **Furs**—Defined as "articles made of fur on the hide or pelt, and articles of which such fur is the component material of chief value."

Various other regulations governing collections, tax refunds, and advertising concerned with the effect of the tax on prices have been issued, and so the new tax structure is on its way to becoming a familiar, easily-fathomed bother.

But that doesn't solve the problem of the pre-tax buying orgy and its after-effects. On this score, little is known—except in the case of the liquor industry, where previous tax boosts have left a telltale history. In a nutshell, that history has always spelled a slump after



To beat the 10% retail tax on toilet goods which went into effect Oct. 1, shoppers mobbed cosmetic counters.

Other items on which new or increased taxes were scheduled—furs, jewelry, liquor, radios—also boomed.



IN TRANSPORT, AS IN AVIATION— *on the Job for Defense!*

Now, more than ever, America's cars
and trucks *must* be kept rolling!

AMERICA'S highways are alive with millions of trucks and cars, on all-vital errands directly or indirectly concerned with the nation's defense.

They've *got* to be kept rolling!

Food must move ever-faster to market, to cantonments and wharves. Supplies must travel swiftly between mines and factories and warehouses. Men must get to and from jobs, often hard to reach except by car.

These vital trucks and cars have got to be kept in efficient condition—to save fuel, to save time and money, to save lives and property!

Bendix willingly shoulders its share of this responsibility . . . bespeaks the cooperation of every American motor vehicle operator.

A new, modern carburetor serves Defense by saving gasoline. Good brakes, kept in repair, safeguard the swift flow of vital traffic. Modernized power braking, on trucks and buses, stops today's heavy loads with minimum muscle-power, protecting the vehicle, the load, the driver and the public.

Bendix not only provides this essential automotive equipment originally, but enlists its nation-wide, trained service organization for the vast and vital job of *maintaining* it. It may be difficult to furnish *all* repair parts promptly. But we intend to try, as hard as we can, because now, more than ever . . .

America's cars and trucks and buses *must* be kept rolling!

BENDIX BRAKES

BENDIX B-K POWER BRAKING
and REMOTE CONTROLS

STROMBERG CARBURETORS

BENDIX STARTER DRIVE

BENDIX-WESTINGHOUSE
AIR BRAKES

SCINTILLA MAGNETOS

ZENITH CARBURETORS,
FLAME ARRESTERS
and FUEL FILTERS

BENDIX-WEISS
UNIVERSAL JOINTS

ECLIPSE BRAKE LINING

ORDNANCE EQUIPMENT

Bendix

AVIATION CORPORATION

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SIDNEY, N. Y. • BALTIMORE • NEW YORK • DETROIT • TROY, N. Y.
PHILADELPHIA • WAYNE, MICH. • BURBANK, CAL. • WINDSOR, ONT.



In Philadelphia, where the reviving effects of the defense production boom are still a dominant item of interest (BW—Jan. 18 '41, p22), Gimbels store strikes a popular note by devoting its 15 main windows on Market

St. to the arms drive, and the local manufacturers' rôle in it. Above, an anti-tank gun shares a window with mannequins dressed for home defense—an air-raid warden, Red Cross nurse, and asbestos-suited fire fighter.

pre-tax consumer stocking up. Worse yet, the minute distillers get pinched for new taxes, they are prone to raise cash by starting a price war to move merchandise fast. So a price war for the near future isn't an unthought-of eventuality.

• **Handling of Liquor Taxes**—Further contributing to liquor's dubious future is the handling of the taxes themselves. State monopolies (that is, state-owned retail establishments) are soberly planning to add the tax without markup (which means passing on intact the manufacturer's payment of about 25¢ per 100 proof quart). But with privately-owned stores it's apt to be another story. To start with, the wholesaler usually marks up his merchandise around 15%—which means he's also marking up the tax. Then the retailer marks up about 40%—again including the tax. When all's said and done, the 25¢ has grown to 40¢. And when the consumer howls, a cut-throat war is more than likely in the making.

• **Possible Courses**—Three possible courses are open to avoid this checkered future: (1) avoiding markups on the tax itself; (2) cutting the proof of liquor, possibly to as low as 60, if the government consents (80 is now legal bottom); and (3) packaging in smaller containers, such as the "short" (or four-fifths) pint.

In any event, the liquor industry is entertaining no illusions. Five of the past six months have set new sales records, and that means only one thing—the consumer by now must have a nicely stocked cellar.

Cloak-Suit Woe

Millinery industry, too, is hit by FTC monopoly charges based on labeling system used to enforce labor standards.

Instances of cooperation between labor and employers for mutual betterment generally have given rise to hearty public and governmental approval. But last week it was evident that such cooperation treads uncomfortably close to the antimonopoly laws, for the Federal Trade Commission brought forth simultaneous monopoly charges against the National Coat and Suit Industry Recovery Board and the Millinery Stabilization Commission, Inc., representing manufacturers' associations and unions (the International Ladies' Garment Workers' Union and the United Hatter, Cap and Millinery Workers International Union).

Trouble with FTC is nothing new in the women's apparel industry. Last spring, the Supreme Court upheld an FTC cease-and-desist order, outlawing the "design protection" plans of the Fashion Originators' Guild and the Millinery Creators' Guild (BW—Apr. 5 '41, p26) and two other cases are currently pending against dress and coat manufacturers. But never before have employer-labor programs in the industry elicited anything but praise from government agencies. That's why the reac-

tion to FTC's complaint is about that of a teacher's pet unexpectedly confronted with a flunk in department.

• **Labeling System**—The kernel of the commission's charges is to be found in the labeling system used by both the coat and suit and millinery boards to enforce fair labor standards and trade practices codes and, incidentally, to support themselves.

Both boards sell a "Consumers' Protection Label" to manufacturers who agree to abide by union wage standards and industry trade-practice codes. Coat and suit board charges range from 3¢, for a label to go on a garment wholesaling at \$5 or less, up to 10¢ for the label adorning a garment wholesaling above \$75. All told, the board takes in about \$300,000 annually from label sales. The millinery commission's label charges range from 2¢ to 5¢ a dozen. FTC claims the groups have used the labels, which now have strong consumer acceptance, as a club over the heads of recalcitrant manufacturers. Most significantly, the commission charges that the I.L.G.W.U. and the Millinery Workers' Union, who regard the "Consumer Protection Label" as a substitute for a union label, assist the boards in compelling its use with threats of strikes, walkouts, and stoppages.

Conditions at the manufacturing end of the women's apparel industry are traditionally chaotic. In the coat and suit industry there are some 1,500 manufacturers, and it's possible to number the companies which do a business of more than \$1,000,000 a year on the fingers of one hand. The millinery industry is even more of a little fellow's business.

• **Industries' Problem**—The small milliner, or coat and suit man, has often found himself squeezed between big suppliers—textile companies, machinery manufacturers, makers of felt hat bodies—on one hand, and big department stores, chains, syndicates (the outfits which lease and run department store millinery sections), and buying organizations on the other. The result has been cutthroat merchandising, sweatshop manufacturing, bankruptcies and liquidations galore. That's why, after a few disastrous months of dog-eat-dog competition after the Supreme Court outlawed the NRA, the industries began to think of voluntary stabilization.

Both the coat and suit board and the millinery commission were founded in 1936. In both cases, the union had a major share in stabilization plans. Mayor La Guardia also had a finger in the millinery commission pie. The coat and suit board is country-wide, controlling better than 90% of U. S. production of women's, misses', children's and infants' coats, jackets, caps, wraps, riding habits, knickers, suits, ensembles, and skirts. The millinery commission represents only New York-New Jersey manufacturers (plus a few from southern Con-

necticut), but since the women's hat industry is concentrated within a few blocks in midtown Manhattan, it controls between 55% and 60% of the country's millinery output. The widespread control exercised by the groups is, of course, an added source of grievance to the FTC.

• **"Can Starve, Too"**—Group officials laugh at the commission's contention that they are suppressing competition in a market that is almost notoriously competitive. They argue that if the FTC succeeds in outlawing their trade practice codes, the little manufacturer will be plowed under for good. As one coat and suit board officer put it: "O.K., so it's illegal to have a uniform discount. So this little guy comes up against one of the chains. The FTC says he can refuse to sell. Well, he can. He can starve, too."

New York's newly-formed Dress Institute (BW—Aug. 23 '41, p. 29) also is under manufacturer-union sponsorship. Like the coat and suit and millinery groups, it supports itself by the sale of labels which bear the union imprint. Proceeds go entirely to promotion, however, and there is no attempt to enforce a trade practice code. Nonetheless, members of the dress industry are wondering whether they will not be next on the FTC griddle.

Butter Politics

McNutt stands ground in spite of dairy interests' uprising against new margarine standard. Creameries keep hands off.

A firmly reiterated "no" has been Federal Security Administrator McNutt's only answer to politically potent dairy groups that are clamoring for revision of the oleomargarine standard of identity (BW—Aug. 2 '41, p. 32).

The standard under attack looked innocent enough when it was promulgated by McNutt early in June. It was based on testimony by Food and Drug Administration experts and by members of the margarine industry. This testimony, given at a hearing last fall, set in motion the routine food standardization procedure laid down by Congress in the Food, Drug, and Cosmetic Act.

• **A Many-Sided Attack**—Thus far, McNutt has stood firm despite these developments: (1) steady pounding from dairy elements on Capitol Hill and from middle western pressure organizations, (2) the introduction of a bill in House and Senate which would transfer margarine regulation to the Department of Agriculture, (3) a proposal from the National Cooperative Milk Producers Federation that Congress investigate the FSA and FDA to find out if

anyone now or formerly in the government service got anything out of the margarine standard, and (4) a dairy industry appeal to a federal circuit court (BW—Sep. 13 '41, p. 52).

Almost every issue of the Congressional Record contains a tirade against McNutt and his position on margarine. Dairy state delegations visit the administrator at the rate of one a week to urge reopening of the standard—always with the inference that 1944 is not far away. FSA mail is jammed with protests. Correspondents for papers in the agricultural Midwest give the margarine story play-by-play treatment.

Dairy men generally contend that the standard gives government blessing to an imitation and substitute for butter. Specifically, they object to provisions permitting fortification of margarine with vitamin A and use of artificial coloring and flavoring, both of which have to be prominently announced on the label. Fortification removes one of the last important nutritional differences between butter and margarine. However, the dairy interests hammer hardest on artificial flavoring because this point was not included in the proposed standard on which the hearing was held, but was added later on the basis of testimony introduced into the record.

• **Silent at Hearing**—For some unexplained reason, dairy representatives did not participate in the formal margarine

hearing, despite the fact that a representative of the Milk Producers Federation was registered and in attendance at the sessions. This probably accounts for some of the vigor of the present fight, since dairy representatives now have to secure a reopening of the standard or else explain to their memberships why they did nothing at the hearing.

There is also the possibility that margarine is being used by dairy leaders as a convenient whipping boy to keep farmers worked up in a way that can be turned against price restrictions on agricultural products and rationing of United States consumption in behalf of lease-lend shipments.

• **McNutt's Position**—McNutt says that he cannot see how the dairy industry can be hurt by a standard that forces the competing margarine industry to maintain higher standards of content and to adhere to more stringent labeling than in the past. He contends that people who want butter and can afford it will buy it, no matter what margarine standards exist, but that those who do buy margarine should be allowed to get the best product possible.

Dairy men stress these points: (1) The Secretary of Agriculture is diverting dairy production to lease-lend shipments to England and it is possible that the U. S. consumer may thus be weaned away from butter to margarine; (2) permission to add coloring and flavoring will permit restaurants to substitute



TVA PROGRESS

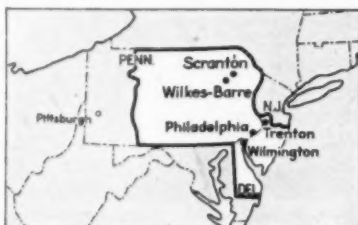
At Watts Bar Dam, on the Tennessee River between Knoxville and Chattanooga, water and coal are being teamed up to generate more power for the Tennessee Valley's defense industries. The dam is so far advanced that im-

poundment of the lake behind it will begin in January, 1942, and the whole job is scheduled for completion early in 1943. (This multiple-purpose dam will extend the navigation channel 72 miles upstream.) And the ultra-modern steam plant (left) is due to start generating power early in 1942.

The Regional Market Outlook

PHILADELPHIA (Income Index—130.1; Month Ago—126.4; Year Ago—109.7)—For the past year, buying power has expanded at the national rate; now defense awards promise acceleration.

Shipbuilding employment along the Delaware—at Camden, Chester, Wilmington, and this city—is already close to the 50,000 mark, and work on new ways, drydocks, and other facilities is being rushed. In the next year, forces may be nearly doubled.



37,023 sq. mi.

pop. 7,777,910

CHICAGO (Income Index—137.9; Month Ago—134.4; Year Ago—115.0)—Recent events serve to reemphasize the pattern for business in this Reserve district. Curtailment of passenger car and other civilian durable-goods production is bound to cause unemployment (BW—Sep. 6'41, p40), and there is apt to be a temporary letdown this winter, followed by an upsurge in 1942.

In time huge new tank contracts slated for Ford and General Motors will help counteract these "priority" dislocations; up to 50,000 persons may be employed at Flint and Dearborn, Mich., La Grange, Ill., and other points. Many thousands more will be needed at defense plants now under construction—60,000 at Ford's Ypsilanti (Mich.) bomber factory, for instance.

But sales are apt to suffer over the next few months in Detroit and other auto centers. Such "priority towns" as Ripon, Wis.; Lemont, Ill., and Webster

City, Ia., may be hard-hit. Some cities reflect the incidence of both arms and priorities: At Manitowoc, Wis., for instance, employment in aluminum fabricating is declining while shipbuilding payrolls are soaring.

Through August, district farm receipts ran 16% ahead of 1940—about the same as the nation's. Currently, however, income from hogs, beef, dairy, and poultry products is running much higher—25% to 40% over a year ago.

Farm income is now beginning to reflect the sharp increases in livestock and dairy prices. Despite recent dry weather, rural sections will round out the sales gains of the industrialized areas of the district.

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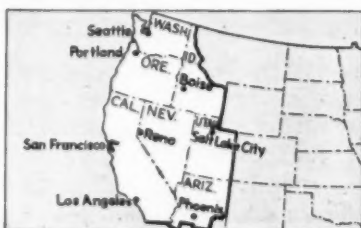
Through August, district farm receipts ran 16% ahead of 1940—about the same as the nation's. Currently, however, income from hogs, beef, dairy, and poultry products is running much higher—25% to 40% over a year ago.



190,446 sq. mi.

pop. 19,406,389

SAN FRANCISCO (Income Index—145.6; Month Ago—143.1; Year Ago—116.3)—Income in this Reserve district continues to rise faster than the national average. As the result of large-scale expansion in defense lines—aircraft, shipbuilding, ordnance, aluminum, magnesium, and steel—there are now some 800,000 factory workers in the district, a gain of perhaps 150,000 over last year. By this time in 1942, fully 1,000,000 may be employed.



485,438 sq. mi.

pop. 11,280,195

The Seattle-Tacoma, Portland, San Francisco-Oakland, and Los Angeles-San Diego industrial areas have been the chief beneficiaries, and sales gains have been above average.

One inland area that is now due for a stimulus is Salt Lake City and its environs (population, 250,000). The munitions plant there, new blast furnaces at Provo, and the Army depot at Ogden (where retail trade is already soaring), will create about 25,000 new jobs in all.

Farm income is running well above 1940—the rise has been greater than the nation's—with gains best in California and Arizona. Prices are up, and livestock have thrived on good pasture. Field crops, fruits, and vegetables have been more abundant than a year ago. The canning industry, accordingly, has been busy. Rural retail trade is improving, although increases are likely to lag behind those in defense centers.

margarine for butter without the customer's knowing it.

Besides, dairy men cite certain scientific authorities on the point that butter fat has certain nutritional qualities not present in margarine fats. Others, however, can be cited to support the view that, nutritionally speaking, margarine is an effective substitute for butter.

● **On the Sidelines**—Used to fighting the dairy industry against overwhelming odds, the margarine industry is enjoying the unusual position of being able to sit back and let McNutt take the rap for it. Margarine leaders believe that they can keep Congress from enacting new bills. They count on their new-found allies in the South who were won over to margarine when the industry substituted cottonseed oil and other domestic fats for imported raw materials. However, the dairy folk can make it hot for the margarine people in a number of key states by proposing new restrictive state bills.

Fair-Trade Crisis

First major U.S. attack on price-maintenance structure is now in the making as Arnold seeks druggist indictments.

In the ten years since California pioneered the fair-trade law, permitting the establishment of minimum wholesale and retail prices on branded merchandise, 45 states have put similar statutes on their books. But neither the Federal Trade Commission, nor the Department of Justice, nor the President himself has ever regarded this mass of legislation (tied together via the Miller-Tydings enabling act of 1937) as anything but a legal hocus-pocus to keep prices and profits up. Thurman Arnold, keynoter of the dissenting choir, irately wrote the Temporary National Economic Committee that the enforcement and passage of fair-trade laws was fraught with "misrepresentation," "coercion," "intimidation," and "collusion."

Now the first major attack on the fair-trade structure is in the making in Newark, N. J. There the Department of Justice has amassed a huge arsenal of documents, correspondence, etc., subpoenaed from 14 national drug organizations and over 100 local and state groups, and is showing these to a federal grand jury in the hopes of obtaining indictments.

● **Previous Actions**—On several prior occasions, the Department of Justice has done some warming up. Last spring (BW—Apr. 5'41, p8) indictments were obtained against three drug firms on the grounds that they used resale price maintenance laws as a cloak behind

which insulin prices were fixed horizontally. Similar charges now pend against lumber and cement producers in Colorado (BW-Sep.27'41,p8) and appliance distributors in Los Angeles (BW-Apr.26'41,p45). (Retrial of the Denver case has been set for Dec. 1, following dismissal of the first action with a hung jury.) As these jabs are aimed mainly at manufacturers (whose interest in fair trade, by and large, has been none too fervid) they don't compare with the Sunday punch the D. of J. is waiting to hang on retailers' chins.

• **D. of J.'s Intentions**—Basically, the D. of J. hopes to show (1) that organized retailer drugdom coerces manufacturers into issuing resale price maintenance contracts, whether the manufacturers believe this procedure to be economically sound or not, and (2) that retailer pressure keeps prices high enough to assure a profit fixed more or less by horizontal agreement. Close scrutiny will be applied to the following: evidence of possible collusion among retailers to get legislation passed; organized policing after passage; possible evidence that the laws destroy all competition.

• **Repeal Fight Avoided**—Repeal of the laws is not a part of the present strategy. Tydings and Miller, stout defenders of the enabling act which they wrote on the federal statute books to make fair-trade laws effective in interstate commerce, are both in the Senate. The D. of J. is aware that once a law is on the books its life expectancy is always a long one. On the other hand, the D. of J. knows perfectly well that fair-trade laws will well-nigh become dead letters if retailers and wholesalers are prevented from partaking in any organized manner—in the fixing of retail prices or in the policing of them.

Hence the D. of J.'s purpose, in its last analysis, is to show that a legal privilege (resale price maintenance) has been used for an illegal end (horizontal price-fixing). On this point, Thurman Arnold sets great store by a Supreme Court decision of 1939 regarding a group of motion-picture exhibitors and distributors who had used the copyright law as the legal springboard to keep up prices. Said the court: "An agreement illegal because it suppresses competition is not any less so because the competitive article is copyrighted. The fact that the restraint is made easier or more effective by making the copyright subservient to the contract does not relieve it of illegality."

• **Code of Conduct?**—Plenty of signs also point to the fact that if and when the D. of J. can land its punch, it will plug for a consent decree rather than an out-and-out conviction. Since a consent decree virtually amounts to a code of conduct, it aptly fits the case. And since retailer-wholesaler drug organizations are generally limited as to finances, they are gaged as willing to

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sign such a code rather than fork up a stiff monetary penalty.

Such a possible consent decree wouldn't be the first one in the drug industry. The National Association of Retail Druggists whose documents are currently subpoenaed, the National Wholesale Druggists Association (ditto), and several manufacturers signed such a paper in 1907 after a price maintenance suit. Subsequently the decree virtually went into limbo. But, say drug observers, a decree under Arnold would be different from the 1907 affair.

• **Druggists' Answer**—To date, the Newark proceedings haven't progressed to the stage where the retailers need dig any specific defense trenches. But should that become necessary, the druggists have one simple answer (originally given to the TNEC): "Prices in a privately operated economy are necessarily fixed by somebody, hence the charge that Fair Trade Statutes permit private price-fixing loses its point."

In the state of Washington, the Supreme Court has upheld the constitutionality of the resale price maintenance law. On the other hand, the Civil District Court of the Parish of Orleans (La.) has ruled that the clause compelling retailers to maintain the manufacturer-fixed retail price, even if they don't sign a contract with the manufacturer violates Article XIX of the Louisiana Constitution.

PRODUCTION

Plastics' Plight

Industry getting ready to impress OPM with fact it must have materials if it is to do the job that is expected of it.

Registrations for the fall meeting of the Society of the Plastics Industry—scheduled for next Monday and Tuesday, Oct. 13-14, at Westchester Country Club, Rye, N. Y.—indicate that practically every important materials manufacturer, machinery builder, molder, laminator, and extruder will be there.

Tops on the official agenda will be priorities and shortages. The big issue, which is so highly explosive that it may never leave the locker room for the convention floor, will be methanol (page 32), plus ways and means of "persuading" its producers to eliminate its use in automotive antifreeze and permit its conversion into formaldehyde, essential and very scarce ingredient of high-strength phenolic plastics.

• **Demands upon OPM**—The pattern of the fall meeting was pretty well outlined at two industry-wide meetings called by S.P.I.: one in New York, Sept. 25, which drew an attendance of 800; the other in Chicago, Oct. 2, which was somewhat smaller but kept A. E. Petersen, priorities consultant of the Chemical Branch of the Office of Production Management, on the rostrum answering question on priorities, and methanol, until well after midnight. Dozens of S.P.I. members are waiting to fire more questions at Mr. Petersen at the Westchester meeting. They do not forget that OPM called upon the plastics industry to replace strategic metals, such as aluminum and magnesium and zinc, with their synthetic products. They now propose to call upon OPM for raw materials and revised regulations that will permit them to function. Some even threaten that if OPM will not withdraw all methanol from antifreeze in favor of formaldehyde, they will "go to the courts."

Four groups of plastics are scarcest: vinyl (Koroseal, Vinylite); phenolic (Bakelite, Durez, Resinox, Textolite); urea (Beetle, Plaskon); acrylic (Lucite, Plexiglas)—in that order. Five are plentiful by comparison only: cellulose nitrate (Celluloid, Nitron, Pyralin); cellulose acetate (Fibestos, Lumarith, Plastacele, Tenite I); ethylcellulose (Ethocel, Hercules); polystyrene (Bakelite, Loalin, Lustron, Styron)—in order of plenitude.

• **Reasons for Shortages**—Vinyl would be plentiful were it not that the Navy

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has commandeered all supplies for use in electrical insulation and other applications calling for the highest possible resistance to sea water and salt air. Phenolic and urea, both held back by shortages in formaldehydes, are each subject to shortages of their own: phenol, or carboic acid, and ammonia. Normally the steel mills produce considerable by-product phenol in their coking operations, but they are so rushed for production that they cannot take time out for phenol. Ammonia, which normally finds its way into synthetic urea, is going in ever increasing quantities into military explosives. Acrylic resins, hit by no raw material shortages, are being taken for the windows and observation blisters of bombers and pursuit planes at an accelerating rate. What little acrylic is going into luxury furniture and decorative gadgets is likely to be cut off any day.

• **Relatively Plentiful**—Cellulose nitrate, which enters very little into defense production and yet accounts for the biggest slice of plastic poundage, is comparatively plentiful despite the threat that increased explosives production may curtail supplies of its basic cotton and nitric acid at a future date. Cellulose acetate, which has largely superseded nitrate for defense because of its higher fire resistance, would be forthcoming in larger quantities were it not for a shortage in plasticizers. If the government goes forward with a reported plan to furnish 80,000,000 civilians with gas masks, the transparent eyepieces will jump defense use of acetate from 11% of present production to 25% and more.

Cellulose acetate-butyrate, ethylcellulose, and polystyrene are less plentiful than nitrate and acetate, not because of raw material shortages but because civilian demand for metal replacement materials is outrunning plant capacity. Tennessee Eastman asked for priorities on equipment for a multi-million-dollar plant for acetate-butyrate, but was turned down (BW—Sep.13'41,p.7).

• **Uncertainty**—What worries the plastic industry more than anything is the uncertainty of total defense demand. If the Army completes its tests and if it decides to adopt phenolic plastics for the noses of certain shells, the fins of certain bombs, the bulkheads of certain planes, etc., the defense use of phenolic resins will mount from a present 55% of production to 100%. To mold such requirements would take practically every molding press in the country, leaving no high-strength thermo-setting plastics for civilian purposes.

And if the Army decides to go into thermo-plastic bayonet scabbards and airplane flooring and field radio antenna masts, the production of a large proportion of the 1,000 injection molding presses in the country will likewise be unavailable to civilians.

• **What Everyone Wants**—Meanwhile, every molder, laminater, and extruder in

"Even the president can be wrong, Joe!"



PRESIDENT: Right or wrong, I still contend that rope is a comparatively unimportant item in our plant.

PURCHASING AGENT: On a cost basis, yes. But speaking as a man who started out here on the freight dock, I still say you're wrong.

PRES.: So that's where you became a rope expert?

P. A.: I'm no expert. I only know two things about rope.

PRES.: You make it sound very simple. Tell me more.

P. A.: Number one, always use a rope you can trust. Because, from the human standpoint, accidents are tragic. And on the fiscal side, rope failures are costly. It's my job to prevent both.

PRES.: You build a good case for my 'comparatively unimportant item.' What's the second thing you learned about rope?

P. A.: You can always trust Plymouth Rope.

PRES.: Is that an advertising slogan or a scientific truth?

P. A.: Both. Our lab can tell you exactly why Plymouth Manila sets the world standard.

PRES.: Skip the details — and stick to Plymouth.

For 117 years, Plymouth Manila Rope* has helped the cause of Safety in Industry. Combining the world's finest Rope laboratory with the world's largest production of Manila Rope, Plymouth uses every modern facility to produce the "Rope You Can Trust." *Plymouth Cordage Company, North Plymouth, Massachusetts, and Welland, Ontario.*

*Government priorities require the manufacture and sale of an "emergency grade" of rope for certain specified uses. This "50-50 Brand", as made by Plymouth, contains the maximum amount of Manila fiber allowable under the law.

PLYMOUTH
ROPE FOR INDUSTRY
BINDER TWINE • TYING TWINE





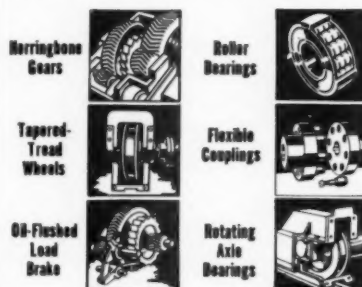
If you hear rumbling and noise in your overhead traveling crane, it's a sure sign of excessive wear. Noise means friction between vital parts, and friction means needless shut-downs and expensive repairs.

In Whiting cranes, herringbone gears transmit power quietly and efficiently, outlasting ordinary spur gearing at least two to one. Flexible couplings reduce vibration and binding. Roller bearings keep the gears in positive alignment and reduce friction. Extra years of life are added by tapered-tread wheels, rotating axle bearings, and an oil-flushed load brake. It will pay you to consider the 'hidden values' in

Whiting cranes which make them 'quiet-running' and 'long wearing.'

Quiet Whiting cranes are available in capacities from one to 400 tons. Also electric hoists, ½ to 7½ tons. Whiting Corporation, 15661 Lathrop Ave., Harvey, Ill. *Builders of quality cranes for over fifty years.*

THESE FEATURES REDUCE NOISE AND WEAR IN WHITING CRANES



WRITE FOR BOOKLET—"How to Write a Traveling Crane Specification"

WHITING

Quiet-Running

OVERHEAD TRAVELING CRANES

58 • Production

the industry is gunning for every bit of defense business available with a double idea in mind: (1) to be in a position to get priorities on raw materials and equipment so that (2) he can at least remain open and in operating condition to take care of as many of his regular civilian customers as possible, provided of course that they can shake loose enough priorities to enable them to secure releases on the necessary molding powders and sheets and what not.

Despite the uncertainty of the all-over military demand, numerous firms are going right ahead with the development of new plastic applications. One manufacturer of fire-fighting appliances, who was prioritized out of certain special brasses and bronzes, is molding a very intricate atomizer tip for a fire nozzle out of cellulose acetate, and saving money on it. A user of small stainless steel tanks, likewise cut off from his normal material by priorities, has turned to polystyrene as a replacement material. Suspender and garter manufacturers, who used to rely on plated brass for the buckles and fasteners of their products, are increasing their usage of plastics. An automobile manufacturer, who wanted a metallic ornament on his hood, will use a chromium-plated plastic until the materials are no longer available.

• **Production Mounts**—Despite the shortages and priorities that are worrying the plastics industry, the consensus of its leaders points to a 1941 production more than double that of 1940. Unfortunately, until the Society of the Plastics Industry establishes a new statistical division which will be announced at the fall meeting, there are no figures for 1940 beyond estimates ranging up to 300 million pounds (the obviously incomplete 1939 Census of Manufactures showed 186 million). According to S.P.I.'s new executive secretary, William T. Kruse, who has just resigned the editorship of *Modern Plastics*, the prospective increase of 1941 over 1940 may even run as high as 200% in both poundage and dollars.

MILLIONS FOR RESEARCH

During 1941, \$117,490,000 will be expended for research by 1,008 American manufacturers, according to the first survey of its kind just completed by Dr. Karl T. Compton, president of Massachusetts Institute of Technology and chairman of the Research Advisory Committee of National Association of Manufacturers. This is roughly 1.1% of estimated gross sales of \$10,230,462,000. Of the companies surveyed, 49% report a larger research budget than 1940's; 43%, the same budget; 8%, a smaller budget. Proposed expenditures range from \$231,000 (0.2%) for the leather industry to \$45,474,000 (3%) for the machinery industry.

Business Week • October 11, 1941

NEW PRODUCTS MORE CHECKS IN LESS TIME-

Spectacle Protection

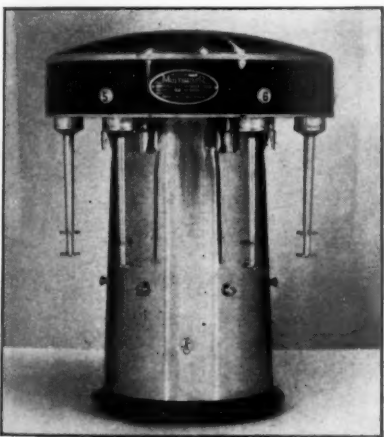
Eyeglass wearers, who play squash, handball, badminton, and other sports, will be interested in the protective new Arra-Sportvizor. It is made of a single



curved sheet of tough Plexiglas plastic (4% more transparent than plate glass) and cushioned with sponge rubber. Duracraft Knitwear, Inc., Perry, N. Y., is national distributor.

Sextuple Mixer

With the newest six-spindle Multi-mixer, six drinks can be prepared in the counter space now occupied by a single



mixer. It is marketed by Malt-A-Mixer Co., 121 W. Wacker Dr., Chicago, which also furnishes three- and four-spindle outfits.

Trimming Machine

Replaceable safety razor blades are the inexpensive cutters of the new Edi Ideal-Cut Trimming Machine, built by Edi Trimming Machines, 611 W. 112th St., New York. When blueprints, trac-

Hand 'em to the Tandem!

CHECKS ENTER



—AND EXIT

Greater check volume need *not* be a greater disbursement headache.

The Todd Blue Streak Electric Protectograph and Check Signer, in a Tandem unit, combines speed, accuracy and safety. It prints safe, two-color amount lines at the rate of 1500 to 2500 an hour...adds and lists automatically...and it signs 3000 or more checks an hour by means of a forgery-defying signature plate. Two locks and keys prevent unauthorized use.

This high speed equipment saves valuable time and provides safety, and better disbursement control for business concerns with long pay-rolls, dividend lists, or many general disbursements.

Send the coupon for descriptive folder.



THE TODD CO., Inc., Rochester, N. Y.
We should like greater speed, accuracy and safety in our disbursement procedure. Please send folder and specimens showing how the Todd Tandem imprints, protects, lists, adds, and signs checks in a single operation.

Company name _____

Address _____

City _____ State _____

By _____

BW-10-11

ing cloth, photographs, leather, etc., are to be trimmed, they are held squarely under a long spring ruler. A flip of a finger slides a blade-equipped cutting block across to complete the job. The next cut is made by a return flip.

Roll Grab

Although the new Motorized Roll Grab developed by Cleveland Trainrail Div. of Cleveland Crane & Engineering Co., Wickliffe, O., is designed primarily



to handle rolls of paper and other materials, it may be modified to handle barrels, bales, boxes, etc. Hung from a crane, the grab is controlled from the operator's cab. If a roll (any size from 16 to 60 in. diameter and up to 72 in. long) is to be picked up from a vertical position and delivered horizontally, or vice versa, the turn-over mechanism functions while the crane is in motion.

Static-Dissipator

Grounding chains which drag noisily behind oil trucks to get rid of the static electricity that builds up in almost any fast-moving rubber-tired vehicle can be replaced with a new Noiseless Static Dissipator. It is a 1½-in. strip of tough conductive rubber fabricated in 30-in. lengths by Electric Service Supplies Co., 17th & Cambria Sts., Philadelphia, and equipped with a metallic eyelet for quick attachment.

Synthetic Rubber Sponge

Ameripol Synthetic Sponge Rubber, new development of B. F. Goodrich Co., Akron, O., has practically the same resilience as natural rubber sponge, plus resistance to oil, grease, and other solvents and an ability to withstand higher temperatures. During manufacture sodium bicarbonate or a similar "blowing agent" is milled into the material. The chemical gasifies during vulcanization producing the characteristic air spaces.

LABOR & MANAGEMENT

A. F. L. Line

Federation, meeting this week in Seattle, expected to dodge the big questions, hush up the Browne and Dunne affairs.

The American Federation of Labor convention, which began this week in Seattle, is expected to be notable for what it will not do. Expert opinion anticipates that the delegates will take their cue from the federation's executive council and will avoid any forthright condemnation of racketeering, will confine themselves to empty generalities about defense strikes, and will sidestep the issue of high dues and initiation fees. Nor is anything tangible expected from the A.F.L. on the question of jurisdictional warfare between competing affiliates.

Instead, the convention will reiterate its oft-repeated plaint about being a voluntary organization unable to interfere in the affairs of any constituent union. In addition, it will condemn the C.I.O., will loose a blast at Thurman Arnold for his antitrust campaign against craft unions, will pledge support to the national defense program, and will deftly juggle several hot potatoes without getting scorched.

• **Browne Case**—Hottest potato of all

might have been the case of George Browne, president of the Stagehands Union and a vice-president of the A.F.L. Browne and his aide, Willie Bioff, who was convicted of pandering, have been indicted in New York for extortion and conspiracy. Their trial in a federal court is scheduled to open this week and Vice-President Browne was unable to be in Seattle "because," it was explained, "of a previous engagement."

The A.F.L. has often elected officers "in absentia," but Browne's previous engagement was just a little too much for even the thick-skinned executive council. Nevertheless, rather than elect someone in Browne's place, thus making it possible to interpret the action as condemnation of practices with which Browne's name has been associated, the A.F.L. decided on a constitutional change which provides that there be fewer vice presidents. Therefore, Browne's name will not come before the delegates and the reason for his absence will not need to appear in the convention's record.

• **Also Sub Rosa**—Another controversial issue is the Minneapolis affair, but this is embarrassing to the Federation, and hence will be dealt with sub rosa. When the radical Dunne brothers took their Minneapolis teamsters out of the A.F.L. and into the C.I.O. (BW—Aug. 2'41,p43), the A.F.L. fought back. In return, the Dunes threatened to "tell all" and expose local A.F.L. machina-



At the A.F.L. convention in Seattle, President William Green and Vice-President William Hutchesson may

have got down to brass tacks in private, but the general meetings confined themselves to safe generalities.

TODAY, business risks change daily!

Is your INSURANCE keeping pace?

IN THIS national emergency, business conditions are changing so fast that insurance which was adequate, when you took it out, *may be dangerously inadequate today*—and insurance which provided correct coverage *last week* may need revision *now*. How can you—with all your other worries and responsibilities—avoid this very real danger?

Get expert advice

Call Western Union or Canadian National Telegraphs and ask for the name and address of the nearest Hartford agent. You'll find that, as a local man, he knows your local conditions and problems intimately—is genuinely interested in helping you protect your business. Like the thousands of other Hartford representatives who are located in all 48 states, Hawaii and Canada, he is trained to give you the benefits of the NEW way of buying insurance.

What is the NEW way?

The NEW way starts with an expert analysis of all your risks — puts especial emphasis on protecting you against possible *large* losses. On the basis of this survey, your Hartford man builds a tailor-made insurance plan to fit your exact needs today. And he'll keep checking it intelligently to make sure that your coverage keeps pace with changing risks in future.

It's time to act now!

Now, more than ever before, expertly planned insurance protection is vital to the safety of every business. Don't trust to chance that your present coverage is adequate. A survey that tells you the whole truth will cost you nothing—it may save you thousands of dollars in losses.

Call in your Hartford agent today—or talk things over with your own insurance broker.

A FEW POINTS TO CONSIDER:

1. Have you made any additions or alterations to the property?
2. Purchased or leased additional land?
3. Made any changes in heating or power systems?
4. Have the number and value of dies, patents or leases increased?
5. Have you raw materials, finished goods, or leased machinery belonging to others on your premises?
6. Have any changes been made in number of watchmen or in their methods of operation?
7. Have you assumed any liability for damages under contracts, leases, hold-harmless agreements?
8. Leased any space to others?
9. Installed new elevators?
10. Are you hiring more trucks?
11. Are you loaning or renting any motive equipment to others?
12. Have you changed your method of paying workers?
13. Have organization changes increased your exposure to dishonesty losses?
14. Have you any unusual machinery that would be difficult to replace?

Are you sure you're covered?



Hartford Fire Insurance Company

Hartford Accident and Indemnity Company

HARTFORD, CONNECTICUT

THE TWO HARTFORDS WRITE PRACTICALLY EVERY FORM OF INSURANCE EXCEPT LIFE

tions which are purported to be none too savory. This dirty linen was expected to be washed publicly on Oct. 20 when the government trial of the Dunnes for criminal conspiracy was scheduled to open. Last week, however, one of the three brothers, Grant Dunne, committed suicide, and the opening of the trial may be postponed.

Worried by the Dunne threats and uncomfortable about the allegedly Communist influence in the central A.F.L. labor body in Minneapolis, federation officials appointed a special committee to visit the town and make an investigation. What that committee told the executive council will not appear in the record. Reason that its report will be hushed up is that, in spite of the character of Minneapolis labor leadership, A.F.L. appears to be doing well.

An A.F.L. victory in a recent National Labor Relations Board poll at Minneapolis-Honeywell Regulator Co., one of the largest plants in town, suggests that A.F.L. local leadership is at least effective, even if it is not too wholesome. Other recent victories in the face of C.I.O. competition and militant protection of A.F.L. jurisdiction will earn the Minneapolis leadership silent treatment from the convention. If it had been less effective, it could have expected to be removed.

• **All Quiet**—Hence everything adds up to a quiet Seattle meeting for the Federation. Last year's stormy petrel, President David Dubinsky of the International Ladies Garment Workers Union, who got into a brawl with other federationists when he fought for a

resolution to purge racketeers, will not even attend. Dubinsky thought he was choosing the lesser of two evils when he took his union out of the C.I.O. and into the A.F.L. Now he is staying away because he is convinced there is little use in trying to change the A.F.L.'s traditional do-nothing policy.

Changeover Pact

Motor industry pioneers with plan to protect workers and ease the transition from civilian to defense jobs.

Having to pioneer in labor policy is no new rôle for Detroit. And again this week the Motor City was feeling the discomforts attendant on staking out a new frontier. This time the city and its automobile industry are being guinea pigs for the operation of a new plan to ease the transition from civilian to defense employment. Proposed in broad outline by the Labor Division of the Office of Production Management and by representatives of C.I.O.'s United Automobile Workers Union, the plan was formally drafted and initiated by General Motors. It was subsequently accepted by Ford, Chrysler, Hudson, Packard, Murray Body, Eaton Mfg., and the Barnes-Gibson-Raymond Division of Associated Spring, with modifications restricted exclusively to grievance handling.

This plan is embodied in a contract between General Motors and the union and is the pattern for similar agreements to be extended throughout the industry beyond Detroit. Designed to minimize disemployment arising from the curtailment of auto production, simple variants of it will be offered by OPM to other industries.

• **Procedure**—The terms of the plan establish the following procedure:

(1) Where a man working on non-defense production is laid off and obtains defense employment with another company, and that fact is certified by his former employer, he will not have to report back for nondefense production work in order to protect his seniority so long as he retains the defense employment to which he was certified. If he shifts from one defense employment to another, there must be a recertification as to his new defense employment. Employers concerned with the application of this policy will work out arrangements which will result in the maximum possible acceleration of the defense program.

(2) Transfer of employees from non-defense to defense work in each local bargaining unit—usually an individual plant—shall be in line with agreements which already govern transfers. For

example, employees fully qualified for skilled and semiskilled jobs on the basis of past experience and training shall be transferred in line with their seniority. If no such employees or an insufficient number of such employees who have now made application are available, management will notify the union shop committee and new, fully qualified applicants may be hired. If no such fully qualified applicants are available or it is necessary or desirable to train men for the work, plant employees with the greatest seniority shall be given the opportunity to qualify before new employees are hired.

(3) In hiring new employees for defense work, qualified applicants out of work on account of authorized government curtailment of nondefense production, or employees who are working on nondefense production in local industry and can be spared or loaned, or employees of an industry in which curtailment is authorized for the near future, will be given preference. This preference will be based upon the length of experience in the industry or occupation. Employees of local industries will be given preference over employees from other localities who have also been laid off because of curtailment. Workers found acceptable for transfer to defense employment, and so certified by the prospective employer, will be released by their present employer with full protection of their seniority rights.

(4) Skilled tradesmen, partially employed or employed at occupations other than their trade or its equivalent in defense usefulness, will be released upon their request, with protection of their seniority rights, for full-time defense work at their trade. In instances in which a collective agreement provides for a reduction of hours below the full-time 40-hour week, and employees collectively elect such reduction, the schedule of hours so reduced shall be regarded as full-time employment for the purpose of this provision. The prospective employer must certify to the present employer that he has offered the employee full-time defense work at his trade, before the request is granted.

(5) The above provisions became operative Oct. 2, 1941, and shall not be retroactive, except that those provisions dealing with the protection of the employee's previously established seniority status shall be retroactive to Sept. 17, 1941.

(6) An employee loaned or laid off, whether unemployed or currently employed on defense or nondefense work, must report back for defense employment to the company with which he holds his original seniority, for work in the same community, if and when called, on notice of at least one calendar week. Recall of employees to defense work presupposes that the management will endeavor to provide full-time em-



TIRELESS PICKET

The A.F.L. Culinary and Bartenders Union, striking for new closed-shop contracts with San Francisco hotels had a surefire attention-getter in the robot they added to the picket line outside the St. Francis Hotel last week.



IF THE SHOE FITS . . .

• If the Gulf South meets the requirements of your industry—as it does for so many hundreds of others—why not do something about it? If “the shoe fits,” begin to check Gulf South opportunities now!

Here is a vast wealth of natural resources and basic raw materials—a wide diversity of agricultural crops—millions of acres of pine and hardwood timber—awaiting

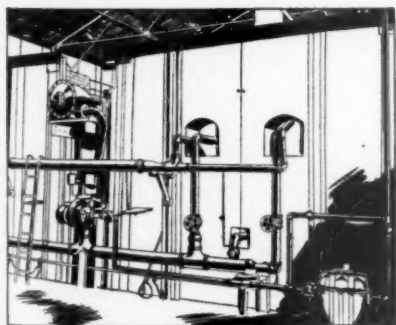
the needs of expanding industry.

Complementing natural resources and basic raw materials are quick, convenient transport by land, sea and air to fast growing local, regional and Pan-American markets—abundant, dependable Natural Gas to feed the fires of present and incoming Gulf South industry—excellent schools—white, reliable, intelligent labor—

plentiful land—an equable climate.

Join the march of industry to the Gulf South. This Company's organization and facilities are available to industries interested in Gulf South opportunities.

Advise us of your requirements . . . without obligation we shall be glad to make a confidential survey for you.



• Natural Gas, in annealing ovens operating in a Gulf South foundry, burns efficiently, dependably, making no smoke and leaving no ashes.



For information on GULF SOUTH opportunities write to
DIRECTOR OF INDUSTRIAL DEVELOPMENT

UNITED GAS PIPE LINE COMPANY

FOR TEXAS, Mail received at: Beaumont, Beeville, Dallas, Fort Worth, Houston, Longview, San Antonio and Wichita Falls. FOR LOUISIANA, Mail received at: Baton Rouge, Lake Charles, Monroe and Shreveport. FOR MISSISSIPPI, ALABAMA and FLORIDA, Mail received at: Jackson, Mississippi.

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ACME *Steelstrap*

**MAKES DEFENSE
AND OTHER SHIPMENTS
"BOUND TO GET THERE"
SWIFTLY—SAFELY—
ECONOMICALLY**

HELPING government authorities and industry deliver vital defense products safely and economically is a task which has been accepted by Acme Steel Company.

The scientific application of Acme Steelstrap simplifies and speeds-up the packing, handling and shipping of the products of every American industry.

Damage and pilferage losses are eliminated—costs are reduced for all types of packs . . . from parcel post to carload loadings . . . bales and boxes, crates and cartons, skids, etc.

Acme Steelstrap meets all Federal Strapping Specifications.

ACME STEEL COMPANY

2828 Archer Avenue, Chicago, Illinois

ployment, contingent upon the availability of the essential tools, material, and facilities. Skilled tradesmen will be subject to recall only for full-time defense employment at their trades or the equivalent.

• **Defense Training**—Other provisions in the G.M. agreement define defense training as defense employment for the purpose of the pact, provided that there is an understanding between the employer and the employee that the man is being trained for a specific payroll job. Any controversy or question of interpreting the pact is subject to regular collective bargaining procedure between the company and the union. Companies other than G.M. have indicated that they would set up special grievance machinery to make the defense products compact effective rather than rely on existing machinery as G.M. has done.

While the plan seeks to blueprint carefully methods for making the most of the available labor supply and minimizing the hardships in store for many individual employees, it aims at a psychological problem as well. A feeling of insecurity has taken a toll on auto production in recent weeks. Employee morale has been shaken, frictions have been magnified, and a rash of work stoppages and slowdowns has testified to a conscious attempt on the part of workers to stretch out work as far as possible. In some cases, manufacturers report that production efficiency has fallen off as much as 40%.

• **Chrysler Strike**—If any further alarm was needed to jog the industry into a realization that it verged on serious labor trouble, that warning was provided by last week's strike in Chrysler Co. units which made 32,000 idle. Root of the strike was the layoff of less than 100 men in a department being curtailed because of lowered auto production quotas. The reaction of unionists, each fearful that he would be in the next lot laid off, was quick and direct. They were protesting in the only way that seemed to them effective—by walking out.

The strike in Chrysler gave an air of urgency to negotiations for protecting jobs. The union realized at once that it could not maintain discipline in the face of the inevitable layoffs unless it could provide some assurance that everything possible was being done to protect the interests of the auto workers. The industry knew it and OPM knew it, hence the speed with which the plan went through.

• **Bargaining Area Widened**—Whether it will be effective therapy for the case of jitters afflicting auto labor remains to be seen. It does, however, extend the area of collective bargaining in this \$5,000,000,000 industry which has so often been the precedent-maker for American industrial relations.

Sea Compromise

Mediation Board tries to split differences in ship strike and urges arbitration machinery. Now up to sailors.

As if Washington didn't have enough to worry about, it had to sit by with fingers crossed this week hoping that 550 men—many of them now at sea—would accept a National Defense Mediation Board recommendation and thereby lift the threat to the continued operation of American merchant vessels plying inter-ocean and coastwise routes.

• **Others Watching**—Those 550 were erstwhile strikers whose walk-out on Sept. 13 had tied up 26 ships in a ten-day dispute of the Seafarers International Union and the Sailors Union of the Pacific with the American Merchant Marine Institute, Inc., the Pacific American Shipowners Association, and the Waterman Steamship Corp. (BW—Sept. 27'41,p65).

Experts figured it certain that if the 550 rejected NDMB's proposal and resumed the strike which had been called off when the board intervened on Sept. 23, they would be joined by 20,000 other sailors who belong to the two unions involved and whose rate of pay are also affected by NDMB's recommendations.

• **Split the Difference**—As a solution to the dispute between the sailors and the shipowners, NDMB offered a middle way between the differences—a technique which is now traditional for the board. Its panel, headed by Charles E. Wyzanski Jr., suggested these principal compromises:

(1) An increase to \$80 in the monthly war bonus rate paid unlicensed personnel in the four principal war-risk areas. The rate now is \$60; the union had struck for \$150; the shipowners had offered \$72.

(2) An increase to \$100 in the bonus paid unlicensed men entering the port of Suez, with an additional payment of \$5 a day for all stops in excess of five days. (Vessels sometimes stop at Suez 25 days.) The rate is now \$75; the union had asked \$300; the shipowners had offered a flat \$100 regardless of how long the ship was in the port.

(3) The companies are not to grant the union's demand for increasing company-paid life insurance for sailors from its present \$5,000 to \$10,000.

(4) The companies are not to grant the union's demand for extension of the war risk areas to include the Caribbean Sea, the Pacific Ocean between the American continent and Hawaii, and the Pacific north of the Fiji Islands.

(5) Present bonus rates shall continue in effect until Nov. 1, 1942, but

IT TAKES A LOT...



to
satisfy
this
plant
executive

PSYCHOLOGIST William James would have described him as "tough-minded," but the men who try to sell him new equipment call him "hard to convince."

Advertising claims and salesmen's predictions bounce off his hide. His one yardstick is *performance—increased production at lower cost.*

For 14 years, Delta machine tools have been piling up performance records that have gotten under this plant executive's skin. At first tried out in small lots, these fighting-trim Deltas have been installed by the hundreds of thousands as they proved their ability to out-perform old-fashioned machine goliaths costing three to four times as much.

When Delta engineers set out to produce better machines at lower costs, they created more efficient designs, *eliminated every excess pound* and adopted modern production methods. A simple idea—but its impact was so terrific that it made new industries possible, is helping hundreds of other industries meet today's production crisis. Let us tell you how Deltas can meet *your* problems.

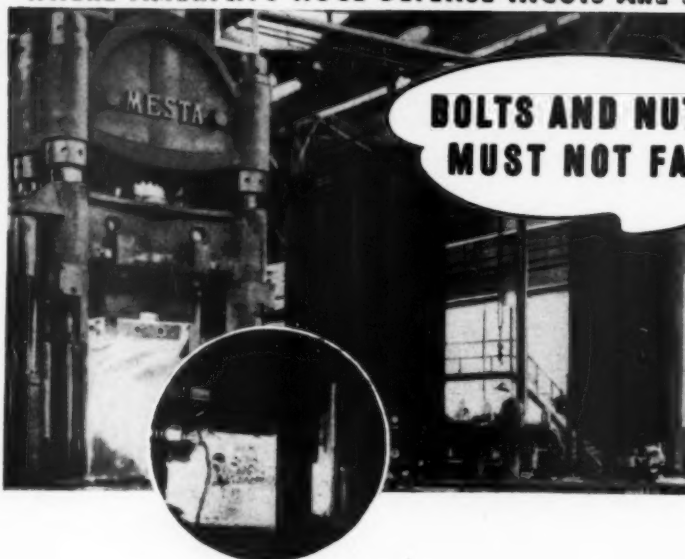
Send for **FREE Booklet** "How to Increase Production" which tells you how the Delta idea can help you solve *your* problems. The Delta Manufacturing Company, 921 E. Vienna Avenue, Milwaukee, Wis.



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World's largest manufacturers of low-cost, high quality drill presses
• grinders • abrasive finishing machines • cut-off machines • circular
saws • band saws • scroll saws • lathes • jointers • shapers

WHERE AMERICA'S HUGE DEFENSE INGOTS ARE FORGED



UNHEARD of national defense demands on American industry make it necessary to work on projects of vast dimensions, involving terrific shocks and strains.

This 6000 ton quick-acting Mesta Hydraulic Press is forging bright-hot ingots, 100" in diameter, for vital items in our national defense. No matter how sudden the shock, the bolts and nuts that help hold this gigantic forging monster in line must not strip, fracture, give way. They must hold tight to meet our emergency needs.

RB&W bolts and nuts have been purchased for many years by Mesta Machine Co. for use in their heavy industrial equipment. Throughout all industries wherever precision, and strength must predominate, EMPIRE bolts and nuts are known and used.

Since 1845 RB&W has pioneered in producing threaded fastenings of the highest quality, and today with demands constantly increasing to meet emergency production needs, RB&W has increased facilities and speeded production to render the same service for which this Company has been famous for nearly a century.

Ships for defense!

Tanks for defense!

Bolts and nuts for defense!

WHICH COMES FIRST?

Probably there is no single item made by American industry more generally used in all defense products than bolts and nuts, rivets and other industrial threaded fastenings. A billion dollars worth of castings, forgings, stampings, engine parts, can be of no use to the defense program unless there is available a necessary supply of such fastenings.

It is our problem to produce these vital products in record-breaking tonnage, so that no interruption may occur in the assembly of that vast array of materials required for the Arsenal of Defense.

To that task we direct the full energies of the entire RB&W organization in our three strategically located plants.



BOLTS: Carriage - Machine - Log - Plow - Stave - Elevator - Step - Top - Wheel & Rim - Battery - U-Bolts - Tire - Automotive - Drilled - Faced - Special Heat Treated, etc. - **NUTS:** Cold Punched - Semi-Finished - Hot Pressed - Case Hardened - Slotted - Castle - Machine Screw - Marsden Lock - Low Sulphur - **RIVETS:** Standard - Tanners' - Coopers' - Culvert - Clovis and Hinge Pins - **SCREWS:** Cap - Machine - Hanger - Sheet Metal - Phillips Recessed Head - **WASHERS:** Flat - Burrs - **MATERIALS:** Steels - Alloys - Brass - Bronze - Naval Brass - Everdur - Hercules - and others - **RODS:** Stave - Seat - Ladder - **PLATED PARTS:** Cadmium - Zinc - Chromium - Nickel - Hot Galvanized - Copper - Tin - **SPECIAL UPSET & PUNCHED PRODUCTS.**

RUSSELL, BURDSALL & WARD
BOLT AND NUT COMPANY

PORT CHESTER, N. Y.

ROCK FALLS, ILL.

CORAOPLIS, PA.

may be reopened by either party if "the present situation is changed by an act of Congress, executive action, the spread of the area of hostilities in the Eastern or Western Hemisphere, the entry into the war or withdrawal from the war of belligerents or the rise or fall of sinkings of American vessels."

• **Arbitration Urged**—To keep the peace yet preserve the framework of collective bargaining, NDMB went beyond the terms of the dispute immediately before it to recommend that future differences be handled under machinery like that provided for arbitration on the railroads. This gratuitous advice was interpreted as being a slap at the Federal Maritime Commission whose action in speedily commandeering three struck Alcoa Line ships was used by the union as an excuse to widen the September strike.

Shock for A.F.L.

Electrical workers of New York lose first round of fight over alleged boycott of out-of-state manufacturers.

Round one of the historic fight between out-of-state electrical manufacturers and New York Local No. 3 of A.F.L.'s International Brotherhood of Electrical Workers (BW—Mar. 26 '38, p. 18) has finally gone to the manufacturers. But there are a lot more rounds coming up before an eventual Supreme Court decision.

Away back in 1937, 14 out-of-state manufacturers (the number has since dwindled to 11) started fighting for an injunction restraining the union from "successfully enforcing" a boycott of their products within the New York City metropolitan area. This week, a special master of the federal district court, John K. Clark, well-known lawyer, recommended that such an injunction be issued. Yet it will be close to a month before a motion for issuance of the injunction can be made and both parties are still permitted to submit proposed findings of fact and conclusions of law.

• **The Findings**—Upholding the manufacturers' contentions, the special master found (1) that Local No. 3 and various contractors' associations had conspired to close the market to products made by non-union workers, C.I.O. workers, and even by workers belonging to sister locals of the A.F.L. Electrical Workers; (2) that contractors were unwilling parties to the conspiracy and were forced into the conspiracy by union threats to strike; (3) that the union gave effect to its boycott by drawing up a blacklist of companies whose products were not manufactured in the metropolitan area; (4) that the union

had even gone so far as to insist that some products shipped into the metropolitan area be dismantled and reassembled by Local No. 3 members before being used.

In regard to the charge of conspiracy between the union and local contractors, Clark found that agreements between them enabled metropolitan manufacturers to raise their prices materially over those prevailing in the open market. In addition, he declared that all employers hiring members of Local No. 3 were required to join one of the employers' associations and under terms of their contracts with the associations were required to file with a "code committee" all bids made on public or private work in the city.

• **Bid Procedure**—The union was represented on the committee by two officers, one of which was its business manager. Rules to which each bid must comply, said the special master, required members to add 35% to labor costs for "overhead"; 10% to the cost of materials for "commission"; and to add still another 6% for management fees. Any bid that fell 10% below the average of all bids submitted on any one job was subject to an investigation for price-cutting by the "code committee" and the submitting firm was liable for fines, he said. In his decision, the special master ruled against the union's contention that the Norris-La Guardia Anti-Injunction Act gave it immunity from prosecution on charges of violating the Sherman Act. He cited the now famous Anheuser-Busch case (BW—Feb. 8 '41, p. 48) in which the Supreme Court ruled that unions are beyond the Sherman Act only "so long as a union acts in its self-interest and does not combine with non-labor groups."

• **Triple Damages?**—This brightened the manufacturers' hopes of also winning a concurrent—but separate—action brought by them under the Sherman Act for triple damages. If the courts uphold Clark's injunction decision, the employers are almost certain to win their damage suit. Union officials said such a result would put the union on the spot financially.

Meanwhile, the "no immunity" part of the decision was cause for rejoicing on the part of Thurman Arnold's Antitrust Division of the Department of Justice. Last year (BW—Apr. 6 '40, p. 29), the division brought monopoly charges against Local No. 3 as well as the employers' associations involved. So far, the three cases which the division brought are still pending—and in all cases the union demurred to the government charges on the grounds that they were exempt from prosecution under the Antitrust Act because they were labor unions. If the courts uphold the special master's recommendations, they will almost surely rule in favor of Trustbuster Arnold.

Lewis vs. Miners

Strike against union dues and assessments ends with men claiming moral victory. Fight in U.M.W.U. still smolders.

The 27-day strike of 22,000 Pennsylvania anthracite miners, who were in revolt against dues and assessment increases imposed on them by John L. Lewis's United Mine Workers Union, ended last week-end. The men went back to the pits this week claiming a moral victory over what they charge are the dictatorial policies of the Lewis machine.

The moral victory consists of getting a pledge that the mine operators will not check off more than \$2 a year in special union assessments from the miners' pay until the state's Anthracite Board of Conciliation passes on the question. The matter of increasing monthly union dues from \$1 to \$1.50 was left up in the air for the present,

HELP IN SELECTING YOUR NEW ADVERTISING AGENCY

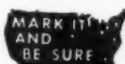
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New, free treatise shows how to get greater rust protection for less money... An unbiased, authoritative summary. Write to American Hot Dip Galvanizers Association, Inc., Pittsburgh, Pa.

LEGAL NOTICE

STATEMENT OF THE OWNERSHIP, MANAGEMENT, CIRCULATION, ETC., REQUIRED BY THE ACTS OF CONGRESS OF AUGUST 24, 1912, AND MARCH 3, 1933

OF Business Week, published weekly at Albany, N. Y., for October 1, 1941.

State of New York) ss.
County of New York)

Before me, a Notary Public in and for the State and county aforesaid, personally appeared D. C. McGraw, who, having been duly sworn according to law, deposes and says that he is the Secretary of the McGraw-Hill Publishing Company, Inc., publishers of Business Week, and that the following is, to the best of his knowledge and belief, a true statement of the ownership, management (and if a daily paper, the circulation), etc., of the aforesaid publication for the date shown in the above caption, required by the Act of August 24, 1912, as amended by the Act of March 3, 1933, embodied in section 537, Postal Laws and Regulations, printed on the reverse of this form, to wit:

1. That the names and addresses of the publisher, editor, managing editor, and business managers are: Publisher, McGraw-Hill Publishing Company, Inc., 330 West 42nd St., N. Y. C. Editor, Ralph B. Smith, 330 West 42nd St., N. Y. C. Managing Editor, Louis Engel, 330 West 42nd St., N. Y. C. Business Manager, Paul Montgomery, 330 West 42nd St., N. Y. C.

2. That the owner is: (If owned by a corporation, its name and address must be stated and also immediately thereunder the names and addresses of stockholders owning or holding one per cent or more of total amount of stock. If not owned by a corporation, the names and addresses of the individual owners must be given. If owned by a firm, company, or other unincorporated concern, its name and address, as well as those of each individual member, must be given.) McGraw-Hill Publishing Company, Inc., 330 West 42nd St., N. Y. C. Stockholders of which are: James H. McGraw, 330 West 42nd St., N. Y. C. James H. McGraw, Jr., 330 West 42nd St., N. Y. C. James H. McGraw, James H. McGraw, Jr., and Curtis W. McGraw, Trustees for: Harold W. McGraw, James H. McGraw, Jr., Donald C. McGraw, Curtis W. McGraw, Edwin S. Wilsey and Curtis W. McGraw, Trustees for James H. McGraw, 3rd., Madison, N. J. Curtis W. McGraw, 330 West 42nd St., N. Y. C. Donald C. McGraw, 330 West 42nd St., N. Y. C. Anne Hugus Britton, 330 West 42nd St., N. Y. C. Mildred W. McGraw, Madison, N. J. Grace W. Mehren, 73 No. Country Club Drive, Phoenix, Ariz. J. Malcolm Muir & Guaranty Trust Co. of New York, Trustees for Lida Kelly Muir, 140 Broadway, N. Y. C.

3. That the known bondholders, mortgagees, and other security holders owning or holding 1 per cent or more of total amount of bonds, mortgages, or other securities are: (If there are none, so state.) None.

4. That the two paragraphs next above, giving the names of the owners, stockholders, and security holders. If any, contain not only the list of stockholders and security holders as they appear upon the books of the company but also, in cases where the stockholder or security holder appears upon the books of the company as trustee or in any other fiduciary relation, the name of the person or corporation for whom such trustee is acting, is given; also that the said two paragraphs contain statements embracing affiant's full knowledge and belief as to the circumstances and conditions under which stockholders and security holders who do not appear upon the books of the company as trustees, hold stock and securities in a capacity other than that of a bona fide owner; and this affiant has no reason to believe that any other person, association, or corporation has any interest direct or indirect in the said stock, bonds, or other securities than as so stated by him.

5. That the average number of copies of each issue of this publication sold or distributed, through the mails or otherwise, to paid subscribers during the twelve months preceding the date shown above is. (This information is required from daily publications only.)

McGRAW-HILL PUBLISHING COMPANY, INC.

D. C. McGraw, Secretary.

Sworn to and subscribed before me this 29th day of September, 1941.

[SEAL]

H. E. BEIRNE.

Notary Public, Nassau County, Clk's No. 93, N. Y. Clk's No. 974, Reg. No. 2-B-699.

(My commission expires March 30, 1942)

pending study by an international investigating commission appointed by Lewis. The dues boost and jacking up the assessment to \$6 a year precipitated the strike.

• **Anti-Lewis Campaign**—The strike left a hangover of bad feeling between the rank-and-file participants and high union officials. Forced back to work by economic pressure, the miners appear to have every intention of keeping up their anti-Lewis campaign. On the other hand, Lewis, who has never been noted for magnanimous treatment of opponents within his organization, showed signs of trying to make it as tough as possible for the rebels.

Aides of Lewis were in Harrisburg trying to influence Pennsylvania's Department of Labor and Industry to classify the strike as a "jurisdictional" rather than an "industrial" dispute. If the Lewis interpretation prevailed, it would mean that the men would be disqualified from receiving unemployment compensation benefits for any of the time they were on strike.

WPA HELPS FARMERS

WPA workers throughout Tennessee laid down their picks and shovels last week to help out farmers faced with a serious shortage of farm hands—but they had to do it for less pay than they have been receiving on WPA projects. Normally, WPA pays wages at the "prevailing rate" in any given community; in Tennessee, however, it has been paying higher than the prevailing rate for farm workers.

When farmers found themselves with bumper crops on their hands and most of their men either in the Army or accepting defense jobs, state Works Projects Administration officials ruled that workers who did not accept offers of farm jobs (even though wages might be lower than WPA rates) would not be eligible for assignment or reassignment to WPA projects.

Work on several projects near Memphis was halted completely so that workers could go into cotton fields; in Johnson County, at the other end of the state, WPA men harvested green beans, which have become an important crop in the area; at scattered communities in between, other workers helped bring in corn and other crops.

PITTSBURGH HOTELS SHUT

Travelers were avoiding overnight stops in Pittsburgh this week as a strike which began Oct. 1 paralyzed service in the city's eight largest hotels. Some 1,600 employees of the William Penn, Pittsburgher, Fort Pitt, Schenley, Roosevelt, Webster Hall, Henry, and Keystone hotels are picketing for a \$10-a-month wage boost for bellhops and a 10% to 20% boost for all other employees. The

hotels offered an immediate boost of \$176,000 a year, \$87,000 short of the union's demand.

IMPASSE AT CONSOLIDATED

Anxiously awaited National Defense Mediation Board recommendations in the dispute between A.F.L.'s Machinists Union and the Consolidated Aircraft Co. of San Diego came through last week. But Consolidated employees in the higher pay brackets thought the proposed wage settlement inadequate and swung a majority of the company's 24,000 workers into voting not to accept NDMB's suggestions. Thus the threat of a strike hung over one of the West Coast's largest plane making plants at mid-week.

Objection of the men was not to proposed hourly rates, which call for an increase of 13¢ an hour for all employees earning more than beginner's wages, but was centered on the board's refusal to make the new scale retroactive to July 5. Demand for "back pay" by that portion of Consolidated employees who get more than 65¢ an hour is largely traceable to the piecemeal method by which Southern California aircraft plants have adopted approximately the wage scale set by the government in the agreement which followed the North American Aviation strike (BW-Jul. 5 '41,p7). Consolidated is one of the last companies to make such wage adjustments and its workers demand the wages they might have earned had they been employed in other plants.

The union's next step is to urge NDMB to change its mind. The retroactive pay adds up to about \$600,000.

FORD'S \$52,000,000 BILL

The first estimate on how much it would cost the Ford Motor Co. to "pay wages as high as those paid by any competitor that C.I.O.'s United Automobile Workers Union would name" was offered this week. The sum: a staggering \$52,000,000 a year in payroll increases. The estimate came from union leaders who have been directing a crew of researchers in the involved job comparison necessary to establish wage standards.

U.A.W.'s contract with Ford called for it to name companies which operated enterprises similar to Ford and whose wage rates Ford would adopt. As reported first by Business Week (BW-Jul.26'41,p41), the union named General Motors for auto manufacturing, Libby-Owens-Ford for glass, Republic Steel for steel, B. F. Goodrich for rubber, and Michigan Alkali for cement. After firms were nominated, union and company experts sat down to match each job at Ford with a job in one of the five "model" firms. The pay boost will be retroactive to June 20.

FINANCE

New Jobs at U-50

Institutional investors are becoming vocal after evidence that competitive bidding has not stopped private placement.

Another tempest has broken around the ears of the members of the Securities and Exchange Commission over their Rule U-50 requiring competitive bids for securities of electric utility companies. This time the protests are being stirred up among institutional investors—a group whose opposition might ultimately prove pretty potent.

Bringing the thing to a head was the sale a few days ago of \$90,000,000 of American Telephone & Telegraph bonds at public auction (BW—Oct. 4 '41, p. 59). The company isn't actually subject to Rule U-50 because it isn't an electric utility. Nevertheless, it is a public utility and it is subject to federal regulation. Moreover, it has been run ragged by federal investigators, and the management apparently thought that inviting bids would exempt it from a certain amount of criticism from Washington.

• Private Placement—The interesting—though hardly unexpected—thing about the issue is that the bonds were bid in by a group of three insurance companies. In other words, competitive bidding hasn't eliminated the much-talked-of practice called private placement in which an entire issue of new securities is sold to a handful of investors. The only difference is that the insurance companies now bid publicly for the new

issues instead of negotiating the transaction privately.

The fundamental criticism of private placements is that a few big investors are in a position to grab off all the choicest investments. The smaller institutions, commercial banks, and individual investors, all are faced with the unhappy necessity of getting the securities they need from whatever is left over. And if the big insurance companies nab the best issues at competitive bidding just as they did at private negotiation, the rank-and-file investor still has a kick coming.

• I.B.A. Seeks Allies—On Tuesday of this week, Emmett F. Connelly, president of the Investment Bankers Association, took this problem before an important group of investors when he addressed the annual meeting of the American Life Convention. This group is made up of smaller insurance companies. They are hit squarely by the problem raised in the A.T.&T. sale of securities to the three big life companies, and Mr. Connelly was angling directly for their support in a renewed fight to eliminate Rule U-50.

The Investment Bankers Association hasn't been strong enough to win the battle alone. Its members are tarred with the Wall Street brush; they still carry a 1929 taint as far as the public is concerned, no matter how greatly they have reformed since the crash. If they can get a vocal group of investors in on their side, it's all to the good.

• Speech by Douglas—It might be supposed that Mr. Connelly would face the united opposition of the big insurance companies, but apparently he does not. The Mutual Life Insurance Co. of New York was head of the insurance group

BANKERS for INDUSTRY

• IN CENTRAL NEW YORK STATE

IN CENTRAL NEW YORK STATE
It's the
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which bought the American Tel. & Tel. issue. Yet no sooner had the Mutual taken the business than Lewis W. Douglas, its president, made a speech in which he declared that he wasn't sure competitive bidding by institutional investors was in the public interest.

Some of the Wall Street crowd apparently did not at once appreciate what a good turn Mr. Douglas was doing them, because they started to kid him about buying the bonds and then turning around and saying he didn't believe in the principle of the thing. However, they already have changed their tune. They now are quoting Mr. Douglas to anybody who has a good word for competitive bids.

• Testing the Procedure—Appearing before the Mortgage Bankers Association of America's annual convention, Mr. Douglas said that he felt the insurance companies were "entirely justified in submitting a bid for the purpose of testing the new competitive bidding procedure and of pointing up both its merits and its defects." But he went on to say that there is no certainty that his company will continue to appear as a bidder and that he personally has many doubts as to the soundness of competitive bidding by insurance companies.

• Reasons—Reasons which he listed for his misgivings may be summarized:

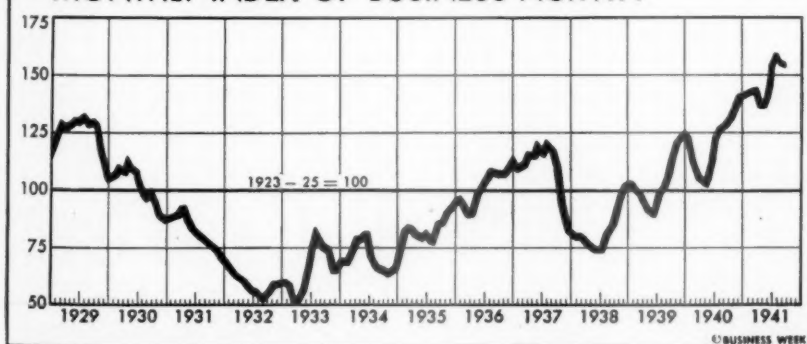
(1) The system, if continued, will tend to concentrate the biggest and perhaps the best securities in the hands of a few large institutional investors.

(2) The insurance company, as a bidder, may incur certain liabilities as an underwriter, and the insurance company's obligation to its policyholders is such that it should not take such risks.

(3) Investments thus acquired in large blocks might be hard to liquidate should the need for liquidation arise.

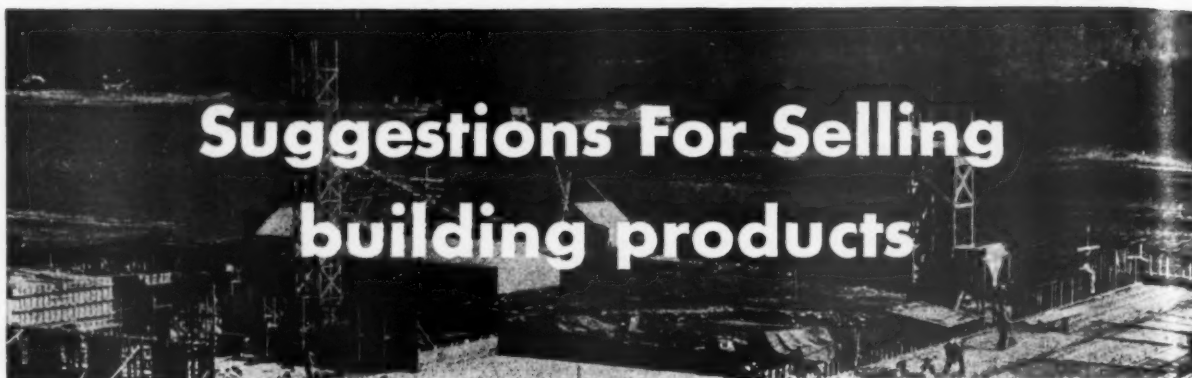
(4) If investment bankers are precluded from the fees which keep them alive, they won't be around to put the sales push behind new issues of securities when the existing sellers' market

MONTHLY INDEX OF BUSINESS ACTIVITY



Business Week's Monthly Index of Business Activity declined slightly to 154.9 during September. This compares with 156.4 in August and 131.7 in September, 1940. The *Annalist*

Monthly Business Index (adjusted for long-term growth) declined to 129.3 in August from the all-time high of 131.3 in July; in August, 1940, the *Annalist* Index was 106.6.



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In short, our interviews with construction men have uncovered a wealth of material useful

to sales managers, advertising managers and copy writers. It can be mighty helpful in planning sales and advertising programs. Reports of these interviews are available on request. Use the coupon.



This picture shows an ammunition storage depot at the Kingsbury Ordnance Plant, LaPorte, Ind. Bates & Rogers Construction Company (R. E. Ross* and George Martin*, Superintendents) bought materials and equipment. Chas. W. Cole & Sons (Charles W. Cole*, Resident Engineer, Jesse L. Tygart*, Field Engineer) and Giffels & Vallet, Inc. (V. E. Vallet*, President, M. J. Henoch*, Design Engineer) engineer-architects, drew plans and specified materials and installed equipment. U. S. Army QMC (Capt. R. L. Tellman*) passed on specifications and super-

vised construction.

Here's how the buying influences were covered on this job by Engineering News-Record and Construction Methods paid subscribers: Chas. W. Cole & Sons—ENR 11, CM 1; Giffels & Vallet, Inc.—ENR 10, CM 3; Bates & Rogers Construction Company—ENR 21, CM 19; War Dept. (Washington)—ENR 87, CM 21; War Dept. (Indiana)—ENR 27, CM 6; QMC (Washington)—ENR 20, CM 1; QMC (Indiana)—ENR 5, CM 2.

* Subscribers to ENR and/or CM.

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★

ends and it once again becomes necessary to beat the bushes for buyers.

(5) Under competitive bidding, the buyer has little voice in preparation of the indentures securing new issues, and so the interests of the buyers are not necessarily safeguarded in such matters as sinking funds and protective clauses.

• **Why System Arose**—Explaining to the mortgage bankers why he thought the system of competitive bidding had arisen, Mr. Douglas said "one reason is that perhaps in the past investment bankers, institutional investors, and the issuing companies have been unimaginative and somewhat indifferent both to the narrow and to the broad public aspects of the capital market. A second reason, probably the most important reason, is that we have been in a 'borrower's market,' with a plethora of investment funds and a dearth of suitable new investments. Under these conditions, when good securities in effect sell themselves, the value of the investment banker's contribution to the American economy is temporarily reduced. But when and if the economic environment changes and we come into a lender's market in which buyers must be found, the investment banker's function will again assume its former importance."

• **Pulling No Punches**—Mr. Connelly, in telling the American Life Convention what he thought of competitive bidding, pulled no punches. First he recited the history of the controversy, taking the commission to task for ignoring the vast weight of testimony from investment dealers, commercial bankers, and insurance companies in opposition to bidding. Then he recited results of operation under Rule U-50.

"First there was the New York State Electric & Gas deal," he said, "bought by the Equitable Life. Poor's Manual shows that the old issues refunded were held by 99 different insurance companies—that simply meant that 98 insurance companies had their bonds called with no chance to replace them."

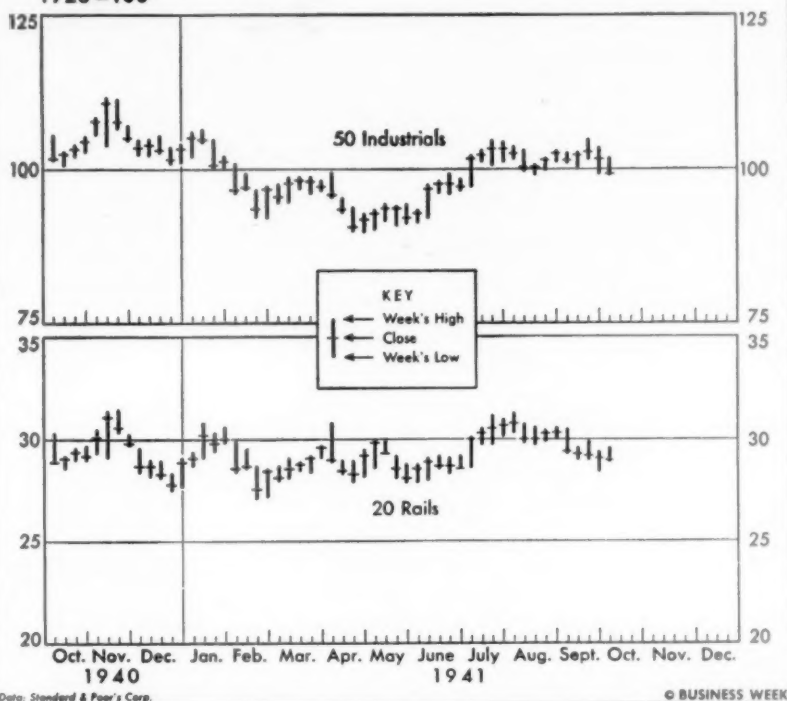
• **Public Interest?**—"Thirteen millions of the bonds called had been sold as recently as 1939, and had originally been distributed in 32 states, Canada, and abroad. So, in addition to insurance companies, many, many investors of other types were deprived of their right to reinvest their funds in the new securities of New York State Electric & Gas. Is that in the public interest?"

"I am certain that the Congress, in passing the Public Utility holding company act, a measure designed to break up the large holding companies, never envisaged that the day would come when small investors would be frozen out of high-grade investment securities through the commission's interpretation of powers granted it under this act."

Make no mistake about it. This is the opening gun in a determined fight to take Rule U-50 off the books.

COMMON STOCKS - A WEEKLY RECORD

1926=100



THE MARKETS

None Too Happy

The markets this week were none too happy affairs. Cotton, for example, slumped on a fairly sharp upward revision of the government's crop estimate, and soybeans were subject to more of the pressure that has persisted since the recent upsurge. Bonds marked time pending the outcome of the Treasury's large new-money issue, and stocks gave ground in the face of an accumulation of bothersome news.

Market sentiment has been adversely affected by agitation in Washington for a hard and fast limitation on profits—or at least defense profits. These fears were accentuated at midweek when Representatives Gore and Vinson came forward with plans for such limits. It so happened that these plans were dumped on a stock market that already was laboring against frightening news from the Russian front.

• **Disappointment**—Many speculators are disappointed because they have twice watched the share averages try to push through the tops achieved last November only to fail in both cases. Dissatisfaction of these erstwhile bulls with the market's action contributed to the dribble of liquidation brought out by foreign news and the tax developments.

The slip in stock prices, however, took the back seat in the minds of most members of the financial community

after the Treasury announced that it was in the market for \$1,300,000,000 of new money in addition to offering new securities in exchange for \$200,000,000 of notes due Dec. 15. The new-money offering was the largest since the days of the last war, having been rivaled in recent years only by the \$1,106,000,000 of bonds sold in 1936 to raise the cash to meet the soldiers' bonus paid that summer.

• **What It Means**—The size of the issue reflects rapidly rising expenditures for defense, of course, and it confirms the fact that sales of defense bonds aren't zipping along at any such rate that they can be counted on to meet the deficit. The Treasury's working balance, although still a tidy sum, has gotten down to about 1½ billions. Gross public debt, prior to sale of these new bonds, stood at approximately 52½ billions.

Security Price Averages

	This Week	Week Ago	Month Ago	Year Ago
Stocks				
Industrial	99.3	101.5	101.2	101.5
Railroad	29.0	29.1	29.4	28.9
Utility	43.2	43.7	44.7	59.2
Bonds				
Industrial*	105.5	105.2	105.5	99.8
Railroad*	85.2	84.1	85.3	86.4
Utility*	107.4	107.1	107.6	105.4
U. S. Government	111.8	111.6	111.6	109.0

*New series.
 Data: Standard & Poor's Corp. except for government bonds which are from the Federal Reserve Bank of New York.

HOW TO SOLVE Today's customer relations problems

Executives who
make it possible for their
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transmit vital informa-
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help solve their own
current problems;
help build a sound
foundation for fu-
ture business.

American business possesses tremendous "stock piles" of useful information. This information needs to be distributed *quickly* where it will do the most good. You have some of it. But, chances are, it's your *customers* that need it.

You face new and perplexing problems today. So do your customers. You would probably be grateful to *your* suppliers for any help they might contribute toward the solution of *your* current problems. So would *your* customers appreciate *your* help.

In peace time, business men need information if they want to progress. In war time they *must* have information if they want to survive. That is why many business papers today are accorded top rating for cargo space to England and Australia.

That is why business papers are good vehicles of communication for advertisers who have useful information to convey.

"What Do I Know That Will Help?"

That is the question to ask yourself when you are wondering how advertising can help solve today's customer relations problems.

Your advertising opportunity today is the chance to speed specific help to dealers, jobbers, and ultimate customers; pertinent news; ideas for speed-ups and short-cuts; ways to increase their workers' efficiency; ideas that will help get more out of the present set-up; literature designed to help with new problems.

You don't have to be a "big" company or a "big" advertiser to do these things. Anyone can at least put into his business paper advertising the things that he would say to an irate customer who phoned for an explanation of a delayed order. You can start by telling the facts concerning your position and your efforts to speed deliveries. Then maybe you can suggest something he can do in the meantime. Even if it isn't the whole answer to his problem, he'll love you for trying.

However you do it, you help yourself by helping your customers and prospects.

The First Step Is To Find Out What Hurts

"TELL ALL #2" will be published as a series of booklets. "How To Determine Specific, Valid and Adequate Business Paper Advertising Objectives Today," is the title of the first which will be released in the near future.

It will contain true-life stories reporting how some manufacturers went about finding out how they could advertise profitably today. It will tell what simple steps lead quickly to a recognition of the customer's current needs. It will suggest how to analyze those needs in relation to your own situation, and how to go about developing a specific "something" to help.

Your name on the coupon will get a copy rushed to you just as soon as it is off the press.

THE ASSOCIATED BUSINESS PAPERS



A national association of business publications devoted to increasing their usefulness to their subscribers and helping advertisers get a bigger return on their investment.

369 Lexington Avenue, N. Y. C., California 5-4755



The Associated Business Papers,
Room 2710—369 Lexington Avenue,
New York City

FREE

☐ Yes, I want the first section of "Tell All No. 2" entitled, "How to Determine Specific, Valid, and Adequate Business Paper Advertising Objectives Today" as soon as it is ready.

Please send the other FREE A. B. P. aids checked.

☐ "Mr. President: Meet Your Advertising Manager".

☐ "How I Hamstrung My Advertising Agency".

☐ "Intensive Advertising" by John E. Kennedy.

(PLEASE PRINT)

Name _____

Position _____

Company _____

Street _____

City and State _____

SEC Commands

Big Board gets a direct order, not a "suggestion," that ban on multiple trading must be stricken from its constitution.

The Securities and Exchange Commission this week forsook its customary practice of issuing "suggestions" to the stock exchanges and came out with an order for amendment of the New York Stock Exchange's constitution. The issue involved is the Big Board's ban on the practice known as multiple trading.

The SEC on Monday, acting under power it claims to derive from Section 19 of the Securities Exchange Act, ordered the Big Board to amend its constitution so as to eliminate the ancient multiple trading rule. The rule as it stands forbids members to "make markets" on other exchanges in stocks traded on both markets.

• **Never in Force**—As a practical matter, this rule has never been in force. The New York Stock Exchange invoked it a year and a half ago (BW—Mar. 9 '40, p45) to dam the trickle of business draining off into other markets, but the howl from smaller exchanges brought an SEC request for postponement. On at least two occasions, the Big Board has balked at the commission's requests that the rule be rescinded, so now comes the crackdown.

Behind the controversy is the growing practice on smaller exchanges of conducting trading in "New York stocks." The member who makes such a market is a sort of combination odd-lot dealer and specialist in the stock in question. He must take all the stock offered or supply all the stock wanted. As a result, he frequently is either long or short a lot of stock—whether he likes to be or not—and to carry such long or short lines until he can even up without a loss requires a lot of capital.

• **Money in Dual Listings**—The smaller exchanges freely admit that only a few of their members have the kind of capital required whereas local members of Big Board houses usually do have. Local exchanges collect clearing fees in the transactions, no matter whether the dealer is a member of a Big Board firm or not. And, inasmuch as there's money in this business of maintaining dual listing and dual trading, the regional markets insist that it is necessary to their survival as well as being in the public interest.

The Big Board now is faced with the necessity of doing something about the SEC order. It may comply, it may appeal to the Circuit Court for relief, or it could conceivably do nothing with the idea of forcing the SEC to seek a

court order compelling compliance (which would shift the burden of proof). Betting is, though, that the exchange will comply because the new president, Emil Schram, one of Jesse Jones' boys and a long-time New Deal official, thinks the SEC is right. Moreover, there's the problem of public opinion if SEC is defied, and the enmity of smaller exchanges isn't exactly desired.

COMPULSORY LISTINGS?

Another step toward wider listing of securities on national securities exchanges was recommended Wednesday by George P. Rea, president of the New York Curb Exchange. Mr. Rea proposed to members of the National Association of Securities Commissioners, meeting at Biloxi, Miss., that they ask their state legislatures to require that approval of all security issues be conditioned on their listing on exchanges.

The commissioners were told that their responsibility did not end when they studied and approved a security for sale in their state. Rather, the citizen-buyer should be equally protected after investment. And, Mr. Rea concluded, this continued protection may best be accomplished by listing on a stock exchange which will require full publicity for all essential facts concerning the security involved.

ANTICIPATING INFLATION

The retail buying splurge, motivated by consumers' fears of inflation, the new excise taxes (page 48), and rising purchasing power, found sharp reflection in September sales figures of the two leading mail-order companies. Sears, Roebuck's September business totaled \$85,714,253 against \$65,650,020 for the same 1940 month; Montgomery Ward's was \$59,780,259 against \$45,971,673.

P. S.

Some companies that had planned to disburse dividends next January will pay them before the end of the calendar year. Reason: Stockholders expect larger taxes on dividend income in 1942 than in 1941. . . . The National Association of Security Dealers, intent on tightening penalties on wayward members, imposed some pretty stiff fines in connection with the marketing of the \$38,000,000 issue of Public Service of Indiana. Disgruntled members have won a Securities and Exchange Commission review which will determine whether the association exceeded its powers. . . . There's a growing demand in the oil industry to stop arguing about how many tank cars are available to transport petroleum products to the East Coast, and to put to work those that are available. All of which points to higher gasoline prices to meet tank-car rates.

SUPER HIGHWAY



Over this gleaming conveyor in a food processing plant, pass tons and tons of food. Neither atmosphere corrosion, nor food acids can affect the clean, bright surface of the metal. It takes Stainless Steel to successfully withstand such constant attack day after day.

fabricating problems, too. By combining metallurgical knowledge with an ever-widening practical experience, Carpenter has made Stainless easier to use . . . a good thing to remember when deciding upon materials for that new product to be launched "after the war."

Helping to solve food handling problems has been a regular occurrence with Carpenter since the earliest days of Stainless. But there's more to it than just meeting corrosion requirements. Carpenter has had to lick

Today, greatly expanded plant facilities at Carpenter are fully engaged in the all-out defense program. But our research department is on call to help you with any problem involving the use of Stainless Steel.

THE CARPENTER STEEL COMPANY, READING, PA.

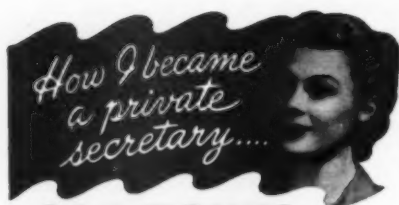
Carpenter

STAINLESS STEELS

...for

- Strength
- Rigidity
- Heat Resistance
- Corrosion Resistance
- Longer Product Life
- Sales Appeal

BRANCHES AT Chicago, Cleveland, Detroit, Hartford, St. Louis, Indianapolis, New York, Philadelphia



OLD TOWN takes the CURL out of CARBON

When my boss complained about smeary carbon copies I said, "Mr. Parsons, if you were a violinist, could you do justice to a concerto with a \$2 fiddle?"

He got the point. We switched to OLD TOWN'S Curlproof DAWN Carbon and I was promoted. "That girl knows her job," said Mr. Parsons.

DAWN is the cleanest, easiest-to-handle carbon that ever lightened a busy secretary's day. DAWN does not curl, produces brilliantly clean copies. Order a box today. It costs no more than ordinary carbon. Write for free copy of our booklet "The Secret of Beautiful Letters".

OLD TOWN Ribbons & Carbons
"MAKE A GOOD IMPRESSION"

750 PACIFIC STREET, BROOKLYN, N. Y.

COMMODITIES

Allocating Lead

Priorities Division imposes controls by way of prevention, not because there is prospect of any immediate shortage.

A new and important experiment in administration of priorities was undertaken late last week when lead was placed under full mandatory control. The innovation involves placing an industrial raw material under full priorities at a time when supplies are still adequate. The importance derives from the fact that emphasis thus is placed on controlling the supply before any shortage develops, with the obvious intention of trying to make sure that a potential scarcity may thereby be averted.

Up to this time there has been enough lead to go around. There has been sufficient, in fact, to permit substitution of lead for some of the scarcer metals in a variety of civilian uses. Even now there is no nearby prospect of shortage unless something should happen to disrupt imports. Yet the Priori-

ties Division of OPM has watched too many apparently comfortable situations turn tight almost overnight. There seems little doubt that Donald Nelson, director of priorities, and his aides have decided to act in time to prevent such a turnabout in the lead situation. And, in so doing, they may be able to ease the situations in some of the other metals to the extent that they can insist on even further substitution of lead.

The general expectation is that priority control over lead will mean some curtailment in present civilian consumption. It is assumed that allocations of lead for foil (where it has been extensively substituted for aluminum) will reduce such use. The amount of lead required in manufacture of such items as automobiles will be automatically curtailed by the reduction in car output.

• **Military Outlay**—On the other hand, the mounting demand for lead in constructing batteries probably will be satisfied, at least to the extent that the batteries are being made for defense uses such as tanks, airplanes, and submarines. Also it is anticipated that the growing military outlay will require large amounts for ammunition manufacture.

Thus allocation becomes the keynote in distribution of lead as is always the case when a raw material goes under full priorities. An emergency pool is to be set up to care for unexpected military requirements. The Metals Reserve Co. will build a stockpile out of imported lead if this proves feasible. All lead available after satisfying the emergency pool and the stockpile requirements will be rationed according to the urgency of purchasers' needs.

• **Present Situation**—Under such a system of allocation it is pretty certain that there will be no difficulty in supplying plenty of lead for defense needs, and civilian requirements can be met to whatever extent the Priorities Division deems advisable. Domestic production of the metal is running at the rate of 600,000 to 650,000 tons annually. Present demand, even if you accept outside estimates, does not appear to be much more than 900,000 tons a year. Reclamation of scrap metal, imports of pig lead, primarily from Mexico, and shipments of ore from Latin America and Canada so far have been more than sufficient to make up the deficit in domestic mine output.

Canada, according to the best opinion in the metal trades, is sufficiently on the surplus side as far as lead is concerned so that we should be able to get more than we have been taking from the Dominion. Mexico and Canada, potentially our most prolific foreign sources of the metal, are so handy that nobody believes these shipments are likely to be interrupted. All of which contributes to the prevailing feeling that, even with mandatory priorities, control need not be too stringent.

Revolving HEAT DISTRIBUTION for Modern Factories . .



IN the patented construction of WING Revolving Unit Heaters uniform distribution of heat is accomplished because moving streams of heated air sweep slowly around through 360 degrees, covering successively every direction. The air velocity is sufficient to carry the heat to walls and remote corners; the constantly changing direction of flow causes the heated air to find its way around obstructions in the plant, no matter how congested.

Write for Bulletin HR-1

Close-up of WING Unit Heater with revolving discharge outlets at Curtiss-Wright plant, Buffalo, N. Y. • Albert Kahn, Associated Architects and Engineers, Inc.

L. J. WING MFG. CO., 154-G W. 14th ST., NEW YORK, N. Y.

WING Revolving UNIT HEATERS

UNIT HEATERS • VENTILATING FANS • EXHAUSTERS • BLOWERS • TURBINES

BUSINESS ABROAD

Latin Commerce That Will Last

Veteran traders, noting scope of government's program, are convinced bulge in hemisphere business is more permanent than that of last war. Big obstacles still have to be overcome.

The war, and especially the fear of an Allied defeat, was responsible for this country's hasty formulation of a hemisphere defense program a little more than a year ago.

This week, foreign traders, at their annual convention in New York, poked around for information about the program and found that it had progressed farther than most of them had realized. In fact, it is increasingly clear to those who grasp the full significance of recent developments that Latin America is rapidly becoming the focus of all this country's long-term economic planning.

Latin Lease-Lend

Because lease-lend is popularly associated with Britain, it is not generally realized that the United States has already distributed nearly \$150,000,000 of lease-lend aid in Haiti, Chile, Uruguay, and Brazil, and that this is likely to swell to \$400,000,000 during the next few months. Brazil, so far, has received the lion's share for great new naval and air bases along the seacoast facing Africa. Other countries will share in these loans as they fit into Washington's plans to defend the sea lanes in this hemisphere, boost production of defense materials, and fight Axis agents.

Buying Raw Materials

A second way in which the United States is helping both the Latin Americans and its own defense program is by purchasing huge quantities of raw materials. These purchases have become so large during the first seven months of this year that they have provided five out of nine big customers with record trade balances in New York. Here's the trade record through July:

	U. S. Exports To:	U. S. Imports From:	Balance in Latin American Country (thousands of dollars)
Argentina ...	\$46,803	\$95,773	+\$48,970
Bolivia	5,445	11,402	+5,957
Brazil	72,141	95,511	+23,370
Chile	26,716	56,298	+29,582
Colombia ...	33,327	29,821	—3,506
Cuba	62,706	107,133	+44,427
Mexico	77,967	56,167	—21,800
Peru	14,691	11,315	—3,376
Venezuela ...	31,013	28,908	—2,105

Old timers, while they admit that there was a similar bulge during the last war, see in the current program

something which they believe will be more enduring. In part, they base this conviction on the serious efforts Latin Americans are making to standardize the quality of their products and regularize the output. But in part they see in Washington's well-planned loans to back small industries the beginning of a sound business relationship between raw material-producing and largely tropical Latin America and the industrial and temperate United States. They know that Washington is already financing a new steel industry in Brazil, and will probably provide additional loans to modernize Brazilian railroads.

Of numerous obstacles to the speedy expansion of the program, three are in the news this week:

(1) A pattern for settling old indebtedness is being worked out in Mexico. Before the end of this year, some agreement will be reached in the oil con-

trovery. Oil companies will receive a modest cash settlement, and will be invited to help distribute Mexican oil in world markets. They may even be invited to operate some of the districts on a contract basis. But control of the properties will remain with the Mexicans. Most new United States investments, except in small businesses, will—for some years—be made by the government through the Export-Import Bank, will be made conservatively, and will be policed by Washington. If, after the war, these loans are being regularly repaid and Latin American countries have governments of proved responsibility, private capital will again move in.

Priorities for Latin America

(2) The defense program has created shortages of the very goods—mainly machinery and steel—that Latin America wants. Vice-President Wallace's Economic Defense Board will soon announce special priorities for Latin America on as liberal a supply basis as possible. Heading the priorities list will be road-building equipment, mining and industrial machinery, and replacement parts for industries already in operation.

(3) Complete shipping priorities going far beyond present controls will soon be announced by the Maritime Commission. And high on the priority list are deliveries of a limited but guaranteed list of supplies for good neighbors to the south.



SUBSTITUTE

Faced with a fuel shortage, Brazil has begun to copy Europe's experiments with substitute fuels (BW—Sep. 6'41, p64). Tractors working on the big new roadbuilding projects outside Sao Paulo are fueled with gas made from charcoal, carried on two cylinders

mounted on their fenders (above). The transfer of nearly 100 oil tankers to Britain—which is responsible for the threatened oil shortage in the U.S.—is also causing the shortage in South America, most of which depends on U.S. oil companies to maintain regular deliveries from the great oil fields of Venezuela or Colombia.

Who said you had a problem?

—or did you?
—or have you?

Is it a business problem?

Is it a problem associated with your administration of company affairs or is it an individual problem?

Is it a problem of personnel for your executive management staff?

Is it a problem of sales distribution—increased group or individual representation—that you need, or offer?

Is it a problem of products you want, to manufacture, or products that you are prepared to release?

Is it a problem of additional manufacturing facilities that you need or that you have available? Or of products you want made? Or of products that you will license?

Is it a problem of buying or selling a plant, or a site, to re-locate or to expand your business?

Is it a problem of liquidating all or any part of your plant, property or equipment?

Is it a problem of financing in whole or in part a new or current operation?

Is it—well, if it is *any* problem associated with the active management of American business you can solve it promptly, effectively—with little effort or expense—by bringing it to the attention of the 117,000—and more other readers of Business Week! How? Through the "clues" section of Business Week—*next week*—in the October 18th issue—press date the 14th.

Just outline your problem briefly—as copy for a "clues" non-display ad. Use a name and address signature or a box number care of Business Week. If the latter is used your name will be held in confidence and replies forwarded each day as received. 50¢ a word covers the cost—minimum charge \$5.00.

**YOUR "PROBLEM"
—OR NEED—IS PROBABLY
AN "OPPORTUNITY"
FOR OTHER READERS OF
BUSINESS WEEK**

Canada Tax Plan

Provinces will relinquish whole field of income taxation to Dominion in return for help from Ottawa.

OTTAWA—Canadian business will be relieved in 1941 of the nuisance of duplicate or multiple income, corporation, and subsidiary taxes which have plagued it ever since federal income taxation was introduced during the World War. At the same time, the war-financing problem of the federal government will be eased. These will be the principal results of a "saw-off bargain" now being worked out between the federal and provincial governments whereby the provinces will vacate certain taxation fields for the duration of the war and one year thereafter.

Canada has been moving in the direction of a permanent readjustment of taxation for years, but need for constitutional amendment and the fear of some of the provinces that their rights would thereby be curtailed blocked the way. Closest approach to an arrangement was made last December when a new national economic plan, drafted by the Rowell-Sirois Commission, which conducted a three-year survey, was submitted to a Dominion-Provincial conference.

• **Sidesteps Amendment**—Now the cumulative pressure of wartime economic problems has finally brought acceptance of a limited adjustment, ostensibly on a temporary basis, which bypasses the constitutional amendment question. And on both the federal and provincial sides, it is already tacitly recognized that the taxation bargain is almost certain to be perpetuated and enlarged after the war.

Most of the provinces have signified their assent to the arrangement, but actual signing of agreements has been delayed by provincial general elections in two provinces.

• **Saw-off**—Under the bargain, the provinces will abandon the collection of personal and corporation income taxes and will receive from the federal government—in compensation—their choice of (1) the amount collected by the provinces themselves and their municipalities through these taxes in 1940; or (2) the amount of their debt-servicing costs for the same year, less their revenue from inheritance taxes for the period. They will also receive certain federal subsidies scaled to their requirements in place of special grants now voted by Parliament in order to help meet relief costs.

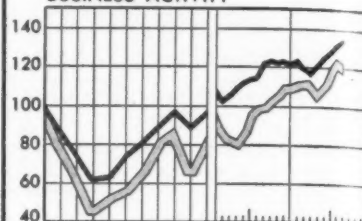
Over most of the Dominion, the tax bills of corporations will not be reduced greatly, if at all. The Ottawa govern-

TREND OF BUSINESS CANADA AND U.S.

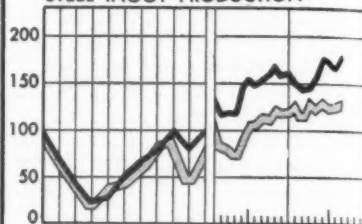
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CANADA — U.S.

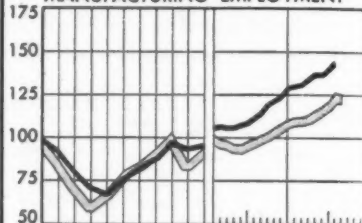
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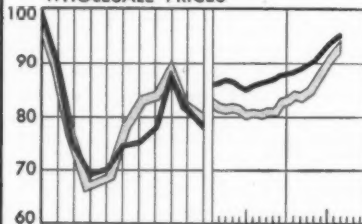
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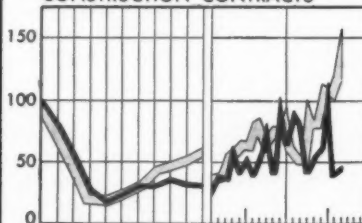
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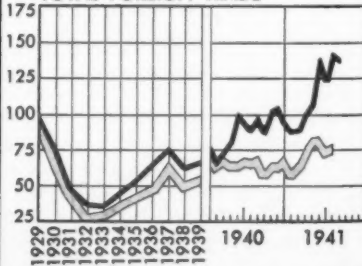
WHOLESALE PRICES



CONSTRUCTION CONTRACTS



TOTAL FOREIGN TRADE



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ment will increase the federal tax rates to get the benefit of the levies which the provinces give up. However, in some of the provinces where local taxation has been excessive, there will be relief. And for all business there will be the gain of having to make out only one tax return and satisfying only one tax collector. The tax field to be turned over to the Dominion under the agreement produced \$75,000,000 for the provinces last year.

A special feature of the bargain is that through federal action the provinces secure protection against curtailment of their revenue from gasoline taxes. Last year, this revenue amounted to \$53,000,000. It should be less this year and for the duration as result of restrictions on gasoline consumption, but Ottawa is going to make up the difference.

• **What Traffic Can Stand**—The new arrangement gives the provinces greater financial security. It will have an overall benefit for business. Biggest advantage, however, will accrue to Federal Finance Minister Ilsley, who will be in an improved position for scaling war taxes to what corporation and personal incomes can stand. The next war budget will bring an entire revision of income assessments and tax rates so that the Ottawa government will receive full benefit of freedom from competition in the field.

At present, Canadian companies are turning over between 85% and 90% of their profits in taxes—variations being due to differences in provincial rates. Federal corporation taxes start with a minimum levy of 40% on total net income and go as high as a maximum of 75% on new or excess profits. Ottawa authorities figure these imposts hit harder in the aggregate than even Great Britain's 100% collection of excess profits.

• **Bar Washington Plan**—The revised taxation pattern will not incorporate anything resembling Secretary Morgenthau's proposal for taxing business down to a 6% maximum earning allowance on capital. War finance officials examined the possibilities of such a move months ago and put it aside. Their view is that taxes cannot properly be graded to rates of earnings on capital because of the absence of any regular relationship between earnings and capital. They are opposed to penalizing any firm which is able to make good earnings on small capital.

Another Washington proposal that makes little appeal to tax officials is that of compulsory saving for war-finance investment. The attitude of Canadian officials is that compulsory savings would be largely at the expense of voluntary subscriptions to war bonds and saving certificates and that the over-all gain would not prove to be enough at the present time to warrant jeopardizing the latter.



For High Temperature Surfaces 1000°F to 2500°F. . .

CAREY Hi-Temp Insulations were developed specifically for insulation of boilers, tanks, towers, breachings and other surfaces where temperatures range as high as 2500° F.

These special compounds of heat resisting materials are the TOP in insulating efficiency, high in impact strength, low in heat shrinkage—have the qualities to resist the decomposing effects of long exposure to extreme temperature.

Correctly applied, in the proper thicknesses, CAREY Hi-Temp Insulations insure the lowest possible heat loss—the highest possible fuel savings. Let CAREY engineers check your equipment for avoidable heat losses. No obligation. Write for Insulation Catalog. Address Department 29.

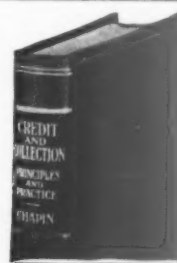
THE PHILIP CAREY MFG. COMPANY • Lockland, Cincinnati, Ohio
Dependable Products Since 1873
IN CANADA THE PHILIP CAREY COMPANY LTD. Office and Factory LENOXVILLE P.Q.

How to get better credit and collection results

Just Out — Chapin's

New 4th
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CREDIT and COLLECTION Principles and Practice



By A. F. Chapin
Associate Professor of
Finance, New York
University. 679 pages,
6 x 9, \$4.50

31 chapters give you
modern viewpoints
and practices:

Fundamentals—how credit affects business; instruments of credit; how to organize and operate the credit department; factors that determine quality of a credit risk.

Credit appraisal—where and how to secure credit information; how to analyze the facts from these sources.

Collections—complete, from writing a good collection letter to employing legal aids or liquidating a business.

HERE is a thorough, practical discussion of the credit and collection man's problems—with hundreds of tried and proved suggestions and plans for effectively solving them. Completely covers all phases of the work—credit instruments, organization, procedure. Now revised and brought up to date, in line with changes in economic conditions and sources and agencies of credit information, developments in bankruptcy legislation, etc. Gives the outline and procedure for definitely and surely building the credit and collection department on a scientific and profit-supporting basis.

SEE IT FREE — MAIL THIS COUPON

McGraw-Hill Book Co., 330 W. 42nd St., N.Y.C.
Send me Chapin's Credit and Collection Principles and Practice for 10 days' examination on approval. In 10 days I will send \$4.50, plus few cents postage, or return book postpaid. (Postage paid on orders accompanied by remittance.)

Name

Address

City and State

Position

Company

(Books sent on approval in U.S. and Canada only.)

Argentine Jumble

Behind political strife may be seen division over economic future. Big landowners fighting to restrain new industrialism.

A tremendous diplomatic struggle is taking place in the Argentine with pro-Nazi groups intriguing for control of the government, local liberals battling for a return of honest elections, and pro-United States factions fighting for complete cooperation with the democracies.

When leaders of the country's air corps attempted a few weeks ago to grab control of the key military airdromes, the plot was nipped in the bud by an alert police force. Gen. Angel M. Zuloaga was immediately removed from his command of the air corps and 20 of his lesser officers were arrested. Everything that went on behind the scenes still has not been told.

• **Protest from Liberals**—When parliament adjourned a few days later without passing a new budget for 1941 and 1942 or agreeing to accept the much-needed United States loan of \$110,000,000,

there was a protest from the country's liberals, who have been struggling for months to put the coming December and March elections on a completely honest basis. When the Conservative Senate indicated that it would veto any change of the old election law, which allowed fraudulent elections in both the Federal District and the nation, the Chamber of Deputies walked out on the budget.

Internal politics in the Argentine are in a jumble. President Ortiz, an open opponent of the Nazis, has been forced to withdraw from active service in the government because of ill health. Acting for him since last spring has been Vice-President Castillo, who has timidly refused to take a stand on the issue of Nazi intrigue in the Argentine despite the vigorous protests of a large section of the Chamber of Deputies.

• **Nazi Activity**—In the face of the Castillo régime's insistence on a policy of "strict neutrality," the Chamber early this year gave an investigating committee the responsibility for uncovering any subversive activities in the country. A brilliant young Argentine by the name of Damonte Taborda headed this Argentine counterpart of the Dies committee and, after several months of

vigorous investigation, succeeded in uncovering enough evidence of Nazi activity to push through the Chamber with overwhelming majority three strongly-worded resolutions censoring the German ambassador for overstepping his diplomatic functions, demanding dissolution of the so-called German social clubs throughout the country, and asking that the registration of the local German Chamber of Commerce be withdrawn. Berlin has protested vigorously, and Buenos Aires is still tense as both sides lay plans for a showdown.

There are other complicating factors in the local political situation. Probably the most powerful political figure in the Argentine today, though least evident, is former President Augustin P. Justo. General Justo is the power behind the present government and his position is undoubtedly enhanced by the enforced absence of President Ortiz and the weak administration of Acting President Castillo.

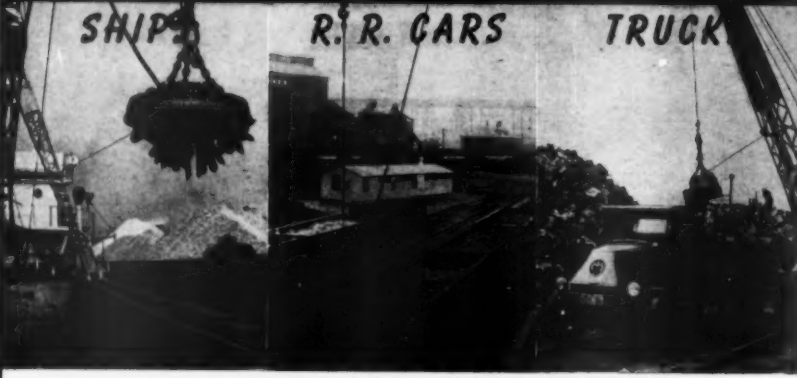
• **Justo's Politics**—General Justo claims that he believes in parliamentary institutions, but under the direction of a "strong man"—probably himself. He openly admires both Vargas (Brazil) and Roosevelt. Though his domestic record during a former administration was distinctly antidemocratic, insiders in Buenos Aires agree that he has been thoroughly prodemocratic on the foreign policy front, particularly during the last few tense months when Argentina has been split with political dissension fanned by both the democracies and the totalitarian states.

There is no outstanding pro-Nazi leader in the Argentine yet, though the Nazis themselves have apparently been grooming General Juan B. Molina, who has often been the spokesman for the young Argentine nationalists, loosely organized as Juventud Nacionalista. The recent revelations of the Taborda committee have greatly weakened the pro-Nazi movement and some new and more vigorous leader may appear if it revives as a result of fresh German victories in Europe.

• **Accion Argentina**—Within the Argentine the most active prodemocratic force now at work is the Accion Argentina, which has a following of nearly 400,000. The organization, containing representatives of nearly all political groups in the country, received a tremendous boost from the investigations of the Taborda committee. So far, it has taken no direct political action, though its influence is growing.

Behind the present political battles in the Argentine is a growing friction between the little handful of great ranch owners, who until now have controlled the country's political life, and a rising young generation of industrialists. The wealthy ranchers, interested primarily in agriculture and the export of farm products, want to maintain the

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status quo and are therefore opposed to the current trend toward diversification of the country's economy. The growing group of small industrialists, on the other hand, look forward to dividing the huge ranches into smaller farms, developing a wide range of light industries which will reduce the nation's dependence on a few farm crops, and adopting a new immigration policy to open the country to desirable migrants from overcrowded Europe.

• **Political Battle Line**—These are the forces at work behind the scenes in the Argentine. The Chamber of Deputies, which revolted a few weeks ago, represents the aggressive Argentines who believe that the country's politics need purging and that its concept of the country's economic future needs to be changed. Stubbornly opposing all but the most modest proposals of the Chamber is the rigidly conservative Senate, which believes that Argentina's destiny is tied to its great wheat fields and cattle ranches, and to the compact Spanish-English group which dominates the country now.

The Argentine Congress has adjourned for seven months. During this period, presidential aspirants will come into the limelight. Who they are will indicate which side holds the advantages in the showdown inevitably ahead.

Blow to Reich

Turkey delays diversion of chrome and refuses to join new financial bloc. Shift of war may force political changes.

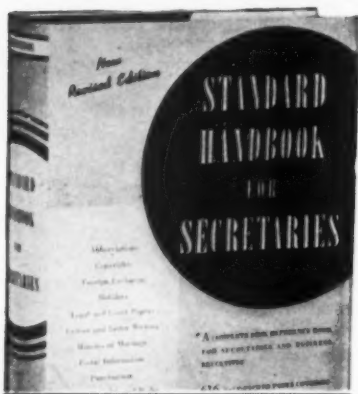
BERLIN—Biggest business news in Germany this week was the signing of a new trade agreement with Turkey. But the fact that the story was not given the customary play in the Berlin press indicated that the pact has fallen short of anticipated results.

Behind German reticence to discuss the outcome of the negotiations in more glowing terms was the inability of the Reich's envoys—and they included the shrewd and persuasive Dr. Karl Clodius, who has a long record of successful trade negotiations throughout the Balkans—to induce Turkey to transfer immediately its exports of chrome ore from Britain to Germany and to link the Turkish pound to the German mark at rates more favorable to Berlin than those that now exist.

• **A Disappointment**—Germany's failure to secure chrome ore from Turkey at once was more than a trade defeat. Chrome is one of the most important alloys used for the making of armor plate. Practically half of the world's supply comes from Rhodesia and South Africa. Next largest producers are Cuba,

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the French-owned Pacific island of New Caledonia, and Turkey. Smaller quantities are also available in India and the Philippines, and in Greece, which is now the only supply source of any consequence diverting its output to the Reich.

That explains the disappointment of the Germans in not being able to talk the Turks into selling them at least a part of their current chrome production, but it also warns Britain that Turkish chrome will go to Germany as soon as the present Anglo-Turkish pact expires on Jan. 8, 1943. Meanwhile, the course of the war may yet force a change in the existing arrangement.

• **Blow to "New Order"**—The refusal of the Turks to agree to a new exchange ratio between the Turkish pound and the German mark which would be more favorable to Germany was also a disappointment. One of the major policies of the Nazi government in pushing the development of its "new order" in Europe is to make Berlin the financial center of the Continent. To carry out this aim, the currencies of each allied and occupied country have been tied to the German mark at rates prescribed by German financial authorities and multilateral clearing arrangements have been set up calling for clearing through the Reichsbank of all inter-country debts in these areas.

A further boost to the Nazi plan of making a great financial bloc out of the occupied territory is the steady flow of funds from different countries to cover occupation costs. This, added to the fact that Germany is now the only supplier of items not produced domestically as well as the only foreign market outlet for most of the countries, gives Berlin increasing power in pushing its dream for the "financial consolidation of Europe."

• **A Political Question**—Turkey has now refused to join this new bloc. The Ankara government, while agreeing to trade tobacco, food products, and some copper for German machinery and small armaments, has insisted on transacting the business on terms no more favorable to Germany than those which prevailed before the war.

It is too soon to know what this means politically. British pressure on the Turks—from Syria and from Iraq—is steady and unrelenting. In recent months, London has bought large quantities of supplies in Turkey which the British did not want to fall into German hands but which they have been unable to move because of the presence of Axis submarines in the eastern Mediterranean. Now with the theater of war apparently even more definitely established in the Mediterranean and the Middle East, it is a question whether the present pact can run its course without being modified to fit changing circumstances.

PROFIT & LOSS

Comes the Pinch

The defense program is slowly closing in on the even tenor of life in these parts. Just this week the Division of Purchases of the Office of Production Management, in a bulletin on the program to reduce the use of critical materials in the manufacture of fire-fighting equipment, was obliged to ask fire-engine manufacturers "not to include a bell on any equipment hereafter made or delivered." "An ordinary siren will do the job," it explained.

And the American Gas Association, holding its annual meeting in Atlantic City from Oct. 20-22, made the almost unparalleled announcement that the convention this year "will be devoid of entertainment features."

Keep Smiling

Things looked pretty tough for the Muller Bros. ("World's Greatest Service Station") one day last month when a picket line was suddenly thrown around the station. But the line hadn't been in evidence for 24 hours before the management had taken affairs in hand and turned the situation to its own advantage. It put an ad in the papers, headed, "Our Pickets Are The Nicest Bunch of Strangers We Have Ever Met!" It put up big signs outside the station explain-

Our Pickets Are The Nicest

Bunch of STRANGERS

We Have Ever Met!

Not a Muller Bros. Employee in the Bunch, but They're Just as Courteous and Friendly as Our Own Men Are!

We're proud to tell you that even in the matter of union, Muller Bros. cannot go "too far". There A. F. of L. boys who've been working for days on behaving like perfect gentlemen. You can drive right in for service and they will not bother you a bit. They're not looking for work, not even our employees, who are, on the job, some at always.

Our Own Men Seem to Be Stubborn

The Union men have been talking plenty to our employees, of course. They've been doing that for months, on and off our line. And with our own employees from us of anybody, even. But for some reason, they just haven't been able to make a mile to the boys who do your waiting, lubricating, battery recharging, etc. It's not of them or us, but we must make some change.

right on our own line. But still we would rather be it to our employees than to our customers!

Meanwhile, we are Neutral

... and Grateful

As long as the boys in our work yard, paint shop, etc., would rather not put their collective bargaining rights in the hands of the Union men, we'll probably continue to have these pleasant A. F. of L. strangers standing around our place. We'll try to recognize for their common behavior by making things pleasant for them. We're arranging comfortable seats for them to rest in ... some with radio handy, and some with the latest magazine. We'll also serve them sandwiches and drinks now and then.

Was or has, we're their friends.

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HEADQUARTERS Firestone TIRES & TUBES

"WHERE EVEN THE PICKETS SMILE"

ing—without complaining about—the presence of the pickets to passersby. It set a lot of porch furniture out in front of the station too, for the pickets to rest on. And, at rare intervals, it even made a show of serving the pickets food



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and drink. It kept the whole campaign on the right plane too—without making it seem as though Muller Bros. wanted to make the pickets look like fools for trying to organize the place, or without making it sound as though a picket line was just what the business had been needing all these years either. As a result the picket line was practically turned into an asset. The station even claimed it got a lot of new customers.

Fish for Your Supper

People in Hollywood must have time for all kinds of nonsense. Just outside the town there are three concrete fishing pools stocked with trout brought down from the mountains every week. Here customers catch their own fish and pay less for them than they would in the markets. The pools are right off the highway, and admission costs 15¢ a head. Fishing equipment can be rented for 10¢, and there is a charge of 25¢ for each fish caught. Attendants clean and pack the fish. Business is flourishing.

Long Arm of Coincidence

The increase in steel production is raising hob with the exterminating business. According to the New York Pest Control Association it's all because so much fluor spar—from which sodium fluoride is derived for the manufacture of roach powder and other insecticides—has been diverted to steel mills. Exterminator men are hoping for a priority rating from OPM to help them out. In the meantime they are trying substitutes, with—as they say sadly—"indifferent" results.

Reason Why

Business Week ran an ad recently which talked about its 1940 Special Report to Executives on "The Economic Consequences of a German Peace." The ad featured a large picture of Hitler, under the headline, "If this man makes the peace . . .", and Fairbanks, Morse & Co. has just put that picture to good use. Air Conditioning Manager J. W. Bostwick, who is being constantly plagued about deliveries, has had it blown up and slapped on a 20" x 27" poster reading, "Number One Reason for Delayed Deliveries." It's hanging in his office, where no client can miss it—and it saves a lot of explaining.

Boom!—Bah!

The little village of Johnsville in Wayne County, Ill., is having a whopper of an oil boom, but it has proved to be too much for the State bank in town, which had to close down recently. Interest on loans was the bank's principal source of revenue, but now nobody needs loans anymore.

THE TRADING POST

Trade in Life . . . or in Death!

Economics has been called the "dismal science" because most writings on the subject are dull. But Otto Tod Mallery, in a brief pamphlet, "Economic Union and Enduring Peace," has coined a vivid phrase, easy to remember and hard to forget. Declared Mr. Mallery: "If soldiers are not to cross international boundaries, goods must do so." There, in a dozen words, is the nub of a whole economic thesis which reasons that the end of production is distribution; that distribution cannot be confined to national boundaries; and that when nations have goods to sell and cannot sell them, they reach for markets by violence. That explains not only the current war but also the World War. We must never forget that unemployment has far-stretching arms. If American workers cannot buy British or German goods, British and German workers are unemployed, and vice versa. Mr. Mallery has summed up the problem neatly and pithily.

"But for the Grace of God . . ."

Not so very long ago a prominent politician was sent to the penitentiary. For the purpose of this piece it is unnecessary to identify him. For what I have to say here is by way of introspection rather than reporting. It is written in the vein of the comment attributed to John Bradford, who exclaimed, as he passed some criminals on their way to execution, "There, but for the grace of God, goes John Bradford."

Recently I read an official report on the life and character of the convicted politician. And as I read it, I was impressed over and over again by its general application. I could not help thinking how aptly it might apply to any one of us, simply by changing a word here and there to fit our own special fields of effort. This man was a politician, so the analysis is in terms of politics. But now let us read the report, making mental substitutions, wherever the word "politics" appears, to fit our own cases.

* * *

. . . The personal qualities that enabled this defendant to rise to a position of influence politically are readily discernible. Though his early years were spent in a milieu deficient in social refinements, though his education was limited, and though his practical schooling was in the arena of knock-down and drag-out politics, he has succeeded in maintaining and exercising at will a gracious manner, a ready wit, and a facility of speech that reflects a keen, active, and discerning intelligence.

In his general conversations and par-

ticularly in some of his anecdotes with respect to his political career, he reveals a consciousness of and a pride in these personality factors that he has so adeptly exploited since his youth.

Throughout his life he has been driven by an inexorable ambition, the objects of which were power, material success, and recognition. He is essentially an extrovert, not given to profound introspection.

His processes of thought are clear, direct, and, within limitations, coldly logical. His opinions, attitudes, and beliefs on isolated matters, however, are not a consistent part of a broad and embracing philosophy or plan of life.

* * *

In many matters he has exhibited foresight and sound reasoning, but he has failed to keep pace with the changing social, economic, and political picture, while his position in the community must have been inevitably affected.

He reveals a profound faith in his concept of what he regards as a socially acceptable form of political activity. In commenting on altered political conditions and his present situation, he seeks solace in his description of himself as the selected and symbolic victim of an era that is passing into an eclipse but, according to his own professed conviction, into only a temporary eclipse.

His essential political provincialism is reflected in his acceptance of his city as not a cosmopolitan area with broad common interests but as a group of distinct and village-like units. In this respect his otherwise keen foresight and awareness has evidently failed him. His attitudes, however, find a ready explanation in the satisfaction accruing to his ego because he has been able to be an almost absolute overlord within his own bailiwick. He reveals that he has regarded politics as his business or profession. He has, however, been more concerned with political strategy than with political and social progress. The effect of politics upon the community in general has been of less concern to him than their effect upon the strength of his organization. . . .

Though resolute, self-assertive and egotistical, it may be noted that in his personal conduct, he has conformed in a large sense to those standards of conduct acceptable to many about him at the time he was rising to a position of power. In light of this, he is to be described as the product rather than the creator of a politico-social situation.

. . . He is quick to acknowledge that he did not allow his political influence to lie fallow. The achievement of that influence represented to him the acquisition of a powerful tool in the furtherance of his ambition. To him, his followers looked for financial relief, advice, and not infrequently privilege and favors. . . .

His trial and conviction have revealed that his influence was illegally used to further his material gain.

* * *

With John Bradford I repeat: There, but for the grace of God, goes . . . W.C.

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UNITED STATES STEEL

THE TREND

MAKING OVERTIME PAY

Looking back, the United States can, in one way, count itself fortunate that it had an unemployment problem in June, 1940, when France fell. Since then the volume of business activity in this country has increased one-third and armament expenditures have gone up more than five-fold—from less than \$200,000,000 a month to well over \$1,000,000,000. Such expansion in the defense effort would have been virtually impossible if American business had not been able to find 4,000,000 additional workers at the same time that 1,500,000 men were being drawn out of the labor reserve into the armed forces.

• But now the free labor reserve has been virtually exhausted; unemployment has been reduced to almost negligible proportions and in many parts of the country there is no overflow of even unskilled labor. As has been evident for more than a year, skilled workers are unusually hard to get, with manufacturers competing against one another in the labor market (BW—Jul.12'41,p56). Thus, increases in production from now on cannot be readily obtained by adding to labor forces. Some other way must be found.

The obvious solution is to work employees more hours per week. This is easier said than done, however. For it oftentimes adds time-and-a-half and double-time overtime pay to costs. This explains why business men to date have resorted so sparingly to the longer work-week. Observe in the following table how, since June, 1940, increases in production have been obtained largely through gains in employment and to a much lesser extent through extension of the work-week (exceptions to the rule are leather and petroleum):

Industry	Production % Gain from June, 1940, through July, 1941	Employment	Work-Week
Shipbuilding	191.2	126.6	13.0
Aircraft	177.6	149.9	4.7
Railroad cars	107.2	74.8	6.3
Machinery	69.5	50.0	9.3
Autos	51.3	21.5	4.3
Non-ferrous metals	48.4	34.7	7.7
Cotton consumption	42.1	25.5	14.1
Leather and products	31.3	16.4	16.6
Chemicals	25.9	27.1	2.5
Iron and steel	21.7	28.8	4.3
Paper and pulp	12.9	8.4	1.2
Petroleum refining	9.8	3.4	4.8

• Moreover, the two industries which increased the work-week faster than the work force were not confronted with a heavy overtime burden. In June, 1940, the average work-week in the shoe and leather industry was 33.2 hours; in petroleum refining it was 35.7. So lengthening the work-week did not raise per unit labor costs. But manufacturers in industries nudging the 40-hour-a-week mark were constantly forced to take their profit margins into account before increasing hours.

This was especially true during the early months of the defense program when many subcontractors agreed to supply materials and parts to prime contractors at fixed prices (BW—Dec.28'40,p48). Oftentimes these prices

were figured right close to costs, and any increase in operating expenses—due to overtime pay—would have meant diminished profit margins, if not actual losses. As a result, even in the armament industries, increases in hours worked per week have been deliberate, rather than spectacular, influenced as they have been by cost accounting as well as by defense urgency. Again there is an exception to the rule; in shipbuilding, the jump in the work-week from November, 1940, to March, 1941, amounted to 5.6 hours. But, for the most part, as the following tabulation suggests, manufacturers took their time about lengthening work-weeks:

Industry	Average Number of Hours Worked Per Week						
	1940			1941			
	June	Sept.	Nov.	Jan.	Mar.	May	July
Shipbuilding	39.2	40.9	38.6	42.1	44.2	44.0	44.3
Aircraft	42.7	44.9	44.9	44.7	45.2	45.2	44.7
Railroad cars	36.7	37.9	37.4	38.1	37.7	41.0	39.0
Machinery	40.8	41.8	42.0	43.2	44.9	45.4	44.6
Autos	37.2	38.6	39.9	39.0	41.4	41.2	38.8
Non-ferrous metals	39.0	41.5	41.4	41.4	42.1	42.8	42.0
Cotton consumption	34.0	36.4	37.0	37.2	38.8	39.5	38.8
Leather and products	33.2	34.8	33.5	37.3	39.7	37.5	38.7
Chemicals	40.0	39.8	40.4	40.3	41.0	41.1	41.0
Iron and steel	37.1	38.5	39.1	39.1	40.1	40.4	38.7
Paper and pulp	41.5	39.9	40.2	40.8	42.5	43.0	42.0
Petroleum refining	35.7	36.1	35.7	35.7	36.0	37.0	37.4

• Since (as previously noted) the available supply of labor is strictly limited and since (as the table indicates) most basic industries are now operating up to or above their overtime-pay ceilings, it follows that, barring major technological changes, future expansion in production will have to be obtained at a higher labor cost. And for companies that cannot pass on the increases in costs, this will result in lower profits.

Now it so happens that we are still operating in a profit economy; the incentive to produce is earnings—that's how the machinery of a profit economy works; and if speeding up production beyond 40 hours per week per man decreases profits, it follows that companies will be reluctant to speed up production. Thus the profit motive clashes with the defense motive. And it is up to the government to resolve this unavoidable dilemma for the business man.

• One way of doing this would be to offer bonuses—frankly and openly—to manufacturers who complete defense jobs ahead of schedule. Not only would this speed up production all along the line, but also it would provide producers with a cushion out of which to pay increased labor costs. But, to date, the Administration has been so intent on curbing profits, that it has failed to put the profit motive to its full economic use as a production incentive. What we need now—if we are to beat Hitler—is a premium on speedy output, not a penalty. After all, the machinery to curb profits has already been set up and the excess-profits tax will keep them from rising too high—even if “acceleration” bonuses are paid.

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